



LOUISIANA LEGISLATIVE FISCAL OFFICE

Analysis of HB1 Reengrossed, with Senate Finance Committee Amendments 2016 RS

Executive Summary

Department Budget Summary

Major Enhancements and Increases

Major Reductions

Budget Issues

John D. Carpenter, Legislative Fiscal Officer

Evan Brasseaux, LFO Staff Director

June 1, 2016

Analysis of HB 1 Reengrossed w/SFC Amendments

Table of Contents

| | |
|--------------------------------|----|
| Executive Summary | 1 |
| Department Budget Summary | 6 |
| Major Enhancements & Increases | 14 |
| Major Reductions | 34 |
| Budget Issues | 51 |

Executive Summary

Legislative amendments resulted in a net SGF increase for the general operating budget of \$1.35 B above HB 1 Original. The Table below depicts the FY 17 SGF status of HB 1 as it moves to the Senate Floor for consideration. The source of the net SGF growth is a projected revenue increase of \$1.26 B associated with additional revenues from the 2016 First Extraordinary Session.

| State General Fund Status | | | | HB 1 REENG & Other w/ SFC Amends Compared to HB 1 & Other ORG (Difference) |
|--|---|--|------------------------|---|
| Executive Budget HB 1 & Other FY 2017 REC 2/10/16 | House Action & Other FY 2017 REC 3/16/16 | HB 1 REENG & Other w/ SFC Amends FY 2017 REC 3/16/16 | | |
| <u>GENERAL FUND REVENUE</u> | | | | |
| Revenue Estimating Conference | \$8,239,300,000 | \$9,498,500,000 | \$9,498,500,000 | \$1,259,200,000 |
| Total Available General Fund Revenue⁽¹⁾ | \$8,239,300,000 | \$9,498,500,000 | \$9,498,500,000 | \$1,259,200,000 |
| <u>SGF APPROPRIATIONS AND REQUIREMENTS</u> | | | | |
| Non-Appropriated Constitutional Requirements | | | | |
| Debt Service ⁽²⁾ | \$404,806,802 | \$404,806,802 | \$404,806,802 | \$0 |
| Interim Emergency Board | \$1,720,862 | \$1,720,862 | \$1,720,862 | \$0 |
| Revenue Sharing | \$90,000,000 | \$90,000,000 | \$90,000,000 | \$0 |
| Total Non-Appropriated Constitutional Requirements | \$496,527,664 | \$496,527,664 | \$496,527,664 | \$0 |
| Appropriations | | | | |
| General ⁽¹⁾ | \$7,565,546,630 | \$8,887,966,405 | \$8,792,424,482 | \$1,226,877,852 |
| DOJ | \$0 | \$4,808,077 | \$0 | \$0 |
| Ancillary | \$0 | \$0 | \$0 | \$0 |
| Judicial | \$121,477,570 | \$143,855,017 | \$143,855,017 | \$22,377,447 |
| Legislative | \$55,748,136 | \$63,522,124 | \$66,017,530 | \$10,269,394 |
| Capital Outlay | \$0 | \$0 | \$0 | \$0 |
| Total Appropriations | \$7,742,772,336 | \$9,100,151,623 | \$9,002,297,029 | \$1,259,524,693 |
| Total Appropriations and Requirements⁽¹⁾ | \$8,239,300,000 | \$9,596,679,287 | \$9,498,824,693 | \$1,259,524,693 |
| General Fund Revenue Less Appropriations and Requirements⁽³⁾ | \$0 | (\$98,179,287) | (\$324,693) | (\$324,693) |

Notes:

1) The Total Available General Fund Revenue and Total Appropriations and Requirements rows do not reflect a contingent appropriation and associated revenue of \$17 M for the thirteenth managed care payment pushed into FY 17 from FY 16.

2) Total projected Debt Service expenditures (non-appropriated Constitutional requirements) will be updated to \$401,452,087 upon publication of the next Fiscal Status Statement by the Division of Administration.

3) The net General Fund Revenue Less Appropriations and Requirements of (\$324,693) will become \$3,030,022 once the new Debt Service payment schedule is officially adopted.

Bond Security & Redemption Fund (BSRF)

House amendments inserted Preamble language that directed the Commissioner of Administration to reduce the appropriations out of statutory dedications and fees and self-generated revenues by the amounts that are allocated for the payment of debt service. The reduction was the relative contribution of each means of finance to the non-appropriated debt service as authorized in the Constitution and applied only to funds credited to the BSRF. Since debt service is currently funded entirely by general fund, by re-directing statutory dedications and self-generated revenue appropriated in HB 1 from their current use to fund debt service, this same amount of general fund (estimated at \$100 M) would be available in other areas of the budget, although those funds would not represent new revenues. The Senate Finance Committee (SFC) stripped this language from the Preamble and the use of these monies is no longer contemplated in HB 1.

General Government Overview

DPSC Corrections Services

DPSC Corrections Services identifies additional funding needs of approximately \$18.8 M SGF compared to the current budget recommendation in HB 1. The potential shortfall is in large part due to unfunded supplemental needs identified by DPSC of \$14.5 M in FY 16 that will impact FY 17 operations. In order to realign its operations to recommended appropriation levels, the department reports that it will make reductions to existing operating activities to address its projected shortfall. These actions include reductions to per diem rates for private prisons, local housing of adult offenders and transitional work programs. The department also plans to eliminate funds associated with equipment purchases, deferred maintenance, increased pharmaceutical utilization needs, increased utility costs, human capital management fees, and dialysis contracts to meet growing demand. Lastly, the department indicates that it will close all existing reentry centers. Note: DPSC moved monies between budget units in the Supplemental Appropriations Bill (HB 1047) to cover these supplemental needs in FY 16 utilizing existing resources.

DPSC Youth Services – Office of Juvenile Justice

The Office of Juvenile Justice (OJJ) identifies additional funding needs of approximately \$19.4 M SGF compared to the current budget recommendation in HB 1. The shortfall remains in part due to ongoing unfunded supplemental needs in the departments existing operating budget as well as a lack of additional funding to open a new facility in FY 17. OJJ has carried deficits in excess of \$5 M in each of the past several fiscal years associated with seed funding received from the treasury for which the department was unable to repay due to anticipated but uncollected revenues from Title IV-E (federal monies for states to provide child welfare services. Part E provides federal payments for foster care, adoption assistance and guardianship assistance programs as well as services for youth who are transitioning, or who have already transitioned, out of the foster care system). The department reports that it will postpone the opening of the Acadiana Center for Youth to effectuate a cost savings of \$14.2 M. OJJ will reduce capacity at the Bridge City Center for Youth and the Swanson Center for Youth by 24 youth each, allowing the department to close one dormitory at each facility and eliminate funding for 28 vacant positions (14 per facility) and produce a projected savings of \$1.8 M. OJJ also intends to reduce funding for contract services and group homes (non-secure care) by approximately \$1.3 M by reducing available slots for statewide placements. OJJ will make reductions to probation and parole activities by closing one office and by reducing 28 vacant positions for a savings of approximately \$1.9 M. Finally, OJJ will eliminate 2 unspecified positions at its Central Office for an additional \$0.1 M savings.

Education Overview

Elementary & Secondary Education

The FY 17 Executive Budget includes an adjustment of \$14.8 M for an anticipated increase of 2,298 students. Additionally, there is a \$3.7 M MOF swap replacing SGF with Lottery Proceeds and SELF funds based on the most recent Revenue Estimating Conference (REC) forecast. FY 17 recommended funding totals \$3,649 M; \$3,356.6 M SGF, \$181.1 M Lottery Proceeds Fund and \$109.7 M SELF Fund.

The FY 16 MFP included \$44.2 M, which was funded in a supplemental appropriation outside of the formula: a 1.375% inflation adjustment (\$36.2 M); an increase for the Supplemental Course Allocation (\$2.6 M); and an increase for the High Cost Services Allocation (\$5.4 M). HR 231 of 2015 urged and requested BESE to incorporate the supplemental funding into the FY 17 resolution. As such, the proposed MFP for FY 17 approved by BESE on March 4th incorporated this adjustment into the formula. This represented standstill funding for the MFP. However, in light of the state fisc, the MFP resolution (SCR 44) was rejected by the Senate Education Committee and pursuant to the Constitution, the MFP will be funded in accordance with the last approved resolution (SCR 55 of 2014); accordingly, the proposed budget eliminates this supplemental MFP funding of \$44.2 M.

Higher Education

The Existing Operating Budget (EOB) as of 12/1/2015 (without OSFA) totals \$2.28 B (including \$418.9 M SGF and \$350 M SAVE). (*SAVE was repealed by Act 21 of 2016 First Extraordinary Session*). HB 1 Reengrossed with Senate Finance Committee amendments recommends a total budget of \$2.23 B, reflecting a net reduction of \$48 M; a \$93.7 M reduction in SGF and SGF equivalent, a \$15.5 M decrease in IAT and Statutory Dedications, and a \$61.2 M increase in SGR

from fees associated with Act 377 of 2015; authorized positions totaling 19,483 have been moved off budget.

Act 462 of 2014 required the Board of Regents to develop an outcomes based funding formula for implementation beginning in FY 17. The proposed formula allocates SGF for each institution/system based on a 70% pro-rata share (base funding), 15% cost calculation share and a 15% outcomes share. The pro-rata calculation is based on the 7/1/2016 appropriation levels and provides safeguards to prevent sudden, dramatic changes in the funding level of any postsecondary institution (Act 462).

FY 17 TOPS need is \$297.1 M. Executive Budget recommendations totaled \$60.2 M but funding was increased to \$225.2 M through House actions. Additionally, the House included a supplemental budget recommendation to provide for restoration of the \$71.9 M in the event additional revenues are recognized by the REC. SFC has funded TOPS at \$141.4 M (\$81.2 M SGF and \$60.2 M TOPS Fund) with no supplemental budget recommendation.

Health & Hospitals

Medicaid Overview

HB 1 with SFC amendments provides an additional \$552.7 M in SGF (\$2.2 B total increase in funding) for Medicaid in FY 17. Total Medicaid funding for FY 17 represents a 27.6% increase from the FY 16 EOB (29.5% increase in SGF). In addition, HB 1 reflects approximately \$160 M in SGF savings associated with the implementation of Medicaid expansion for certain individuals up to 138% of the Federal Poverty Level (FPL). Projected SGF savings are largely based on a \$249 M reduction in Disproportionate Share Hospital (DSH) payments related to uncompensated care costs.

SFC amendments provided significant changes to various House amendments. Specifically, SFC eliminated \$24.8 M in additional funding for rural hospitals added with House Floor (HF) amendments, and eliminated a HF amendment that authorized DHH to implement copayment requirements (to the extent authorized under federal law) for individuals receiving certain Medicaid services. In addition, SFC amendments moved \$161 M total funding (\$60.8 M SGF) in supplementary budget recommendations to the body of HB 1. Information provided by DHH indicates the \$161 M in funding moved from the supplementary section of the HB 1 will allow for full funding of all existing waiver slots, and prevent significant cuts to Pediatric Day Healthcare Services. Although these items were not itemized as a cut in the Executive Budget, DHH itemized these services as areas of reduction based on the level of funding provided after House action.

In addition, SFC amendments eliminated the line item appropriation for the public private partner hospitals, and reduced the level of supplemental payments and DSH payments by approximately \$98.5 M (\$60.4 M SGF). Additionally, SGR used as a state match source increased by \$18.6 M for the hospital partnership in Houma. (*See Public Private Partnership explanation on next page.*)

The Medicaid budget contains certain significant increases/enhancements in FY 17, including funding projected growth in Bayou Health, funding for an FY 16 Bayou Health payment obligation pushed into FY 17 (1 additional Bayou Health check write added in FY 17), MCO payments for Medicaid expansion for individuals to 138% of the FPL, annualized costs of certain home and community based waivers, increases in projected pharmacy costs and provider rate increases, and funding the backfill of revenues reduced in FY 16 as part of the FY 16 mid-year deficit elimination plan. Significant FY 17 SGF increases are reflected below:

\$195.3 M - Bayou Health managed care capitation rate payments
\$167.0 M - Swap non-recurring one-time revenues for SGF
\$109.2 M - FY 16 pushed check write (June 2016) into FY 17 *
\$24.3 M - Fee for Service increases (including Pharmacy, PACE, and LT-PCS)
\$21.3 M - Rate increases (FQHC's, RHC's, Hospice, Buy-in, Rural H's, Nursing F's)

* The \$109.2 M enhancement reflected above does not include \$17 M in SGF required state match to make the projected 13th managed care payments. This amount will only be available for expenditure when the Department of Revenue prevails in any suit appeal, or petition associated with an amount paid under protest and held in escrow in accordance with R.S. 47:1576 and transfers such monies to the SGF to be utilized to fund the 13th managed care payment. The total SGF need is \$126.2 M to draw down \$208.2 M in federal funding for \$334.4 M in total payments.

Public Private Partnerships (PPP)

HB 1 provides total funding of \$983.3 M for Public Private Partnerships in FY 17. This represents a \$221 M reduction (18%) compared to the FY 16 EOB as of 12/01/16. Information provided by DHH indicates an original expenditure projection of approximately \$1.3 B. This original expenditure projection is assumed to change as DHH assumes and will apply a 25% (\$249,541,305) reduction in DSH payments to partner hospitals due to anticipated decreases in uncompensated care costs as a result of Medicaid expansion in FY 17 (not including Lallie Kemp). However, the Commissioner of Administration has stated that the DOA, LSU, and partner hospitals are under negotiations to refinance the partnership agreements, and to further review the 25% DSH reduction estimates.

HB 1 does not directly appropriate funding in the Medicaid Program for the individual partner hospitals. Partner hospital reimbursements are paid from the Medicaid Private Providers and Uncompensated Care Costs programs. Therefore, the exact budget by hospital is not known. In addition, the majority of the partnership agreements provide for a finance formula that requires payments to reimburse the hospital providers at 100% of allowable UCC costs

Other Issues

FY 16 Unmet Supplemental Needs

The FY 16 Supplemental Bill (HB 1047) provides adjustments for certain supplemental needs that do not require SGF. However, a number of agencies have expenditures in the current year, for which there are insufficient revenues to fully fund. Some of these items were identified in the 1st Special Session as expenditure requirements that would likely have to be absorbed by the respective agencies; others have been identified more recently. These unmet supplemental needs total \$71.3 M; a brief discussion of each is identified below.

LA Public Defender Board (\$3.5 M) - The Public Defender Board reports that the supplemental funding needs which are not included in HB 1047 would be used to end restriction of services (ROS) plans currently enacted in 15 of the 42 local public defender offices statewide. Without these supplemental funds, the 15 districts presently under ROS plans would continue operating with services at reduced levels, which includes taking on fewer cases and placing some cases on a waiting list. The current version of HB 1 does not include funding for this shortfall in FY 17.

Governor's Office of Homeland Security & Emergency Preparedness (GOHSEP) (\$10 M) - Supplemental funding needs materialized as a result of damages sustained in the recent Severe Weather and Flooding event DR-4263, which began on 4/2/2016, and includes the required state cost share of the event. Current estimates total \$9,589,375 and will increase slightly due to ongoing response efforts. The State of LA, through GOHSEP, negotiated a repayment plan for a total estimated \$10 M, payable in three annual installments, and will accrue interest at the rate of one percent. The first payment will be \$4.4 M, due 8/1/2016. The final pay plan will be adjusted once actual costs are determined. Projected costs in FY 18 and FY 19 are approximately \$2.85 M annually. HB 1 does not include funding for this shortfall in FY 17.

Department of Children & Family Services (DCFS) (\$11.4 M) - There are additional needs in Child Welfare services due to several factors including: 1) anticipated savings associated with Targeted Case Management (TCM) was not realized due to non-approval of the program by the federal Centers for Medicare and Medicaid (CMS) (\$10.9 M); and 2) payment of outstanding legal invoices and plaintiff attorney fees associated with litigation and judgment in the National Voting Rights Act (NVRA) (\$500 K) after the department failed to offer voter registration opportunities at their field offices to persons with disabilities..

Minimum Foundation Program (MFP) (\$7 M) - FY 16 Funding for the MFP formula is based on the February 2015 student count of 690,847. Subsequent counts in October 2015 and February 2016 have identified an additional 1,149 students for a new projected count of 691,996. The result is a supplemental funding need of \$7 M. The House sought to fund the shortfall using monies that would otherwise be allocated to Non-public Educational Assistance Program but this action was reversed by the SFC. Local school districts will have to absorb the full cost of these students from local revenues. The current version of HB 1 does not include \$44.2 M that was funded outside of the MFP formula in FY 16, a portion of which was used to offset the formula funding shortfall.

Taylor Opportunity Program for Scholars (TOPS) (\$29.1 M) - The appropriation for TOPS is "more or less estimated" and historically any projected payments in excess of the appropriation are provided in a supplemental appropriation bill. In FY 15 supplemental funding needs of approximately \$5 M was not provided and was funded out of the FY 16 appropriation. Additionally, the amount of the current year appropriation did not contemplate

tuition increases that were implemented by several institutions. Finally, TOPS Fund revenue collections are \$3.7 M lower than what is appropriated, which would otherwise require a mean of finance swap with SGF. Institutions will be required to absorb the (\$29.1 M) shortfall. HB 1 funds TOPS at \$141.4 M, or approximately 47.5% of actual projected need in FY 17.

Local Housing of State Adult Offenders (LHSAO) (\$7 M) - Total FY 16 supplemental needs totaled \$13.8 M, primarily as a result of a \$3 M shortfall carried forward from FY 15 and the inability to fully realize projected GEMS savings of \$7.3 M. This need was offset by transfers in HB 1047 from the Transitional Work Release Program (\$4.8 M) and Local Reentry Services Program (\$2.1 M) for a net shortfall of \$7 M. Per historical practice of the DPSC Corrections Services, this shortfall will be carried forward and paid in FY 17 from the appropriated budget. HB 1 does not include additional funding to address this carry forward amount.

Judicial Budget (HB 616)

HB 616, which provides for the judicial branch's expenses in FY 17, presently has a projected \$16 M shortfall according to staff from Supreme Court. Because a majority of the judicial branch's expenses are constitutionally and statutorily mandated, the Supreme Court reports that the \$16 M shortfall can only be absorbed within select programs of the judiciary's budget. These programs include drug courts, Court-Appointed Special Advocate services (CASA), Child in Need of Care services (CINC), and the ability to take on Family in Need of Services (FINS) cases. The impact of the reduction to these programs is unknown and subject to the discretion of the Judicial Budgetary Control Board, who will allocate the reduction to the programs as it sees fit.

Funds Bill (HB 409)

HB 409 provides for deposits of state funds into the general fund and other special treasury funds. It nullifies fund transfers previously approved by JLBC as part of mid-year reductions contained in prior year fund transfer bills that have not occurred as of 7/1/2016. SFC amendments direct the Treasurer to transfer and deposit the payment of \$20 M received 30 days after the British Petroleum settlement was signed into the Oil Spill Contingency Fund and to transfer and deposit \$19.13 M received 60 days after the British Petroleum settlement was signed into the Natural Resource Restoration Trust Fund. The Treasurer will also reverse a transfer of \$7 M that was made to the Attorney General from the initial \$20 M settlement. These settlements of \$39.13 M are current year deposits. The Treasurer is further directed to transfer upon receipt, any future economic settlement proceeds (\$19.13 M in FY 17 and \$53 M annually beginning in FY 19) in accordance with current law. The bill exempts settlements related to the Deepwater Horizon incident from being deposited into the Department of Justice Legal Support Fund.

Statewide Budget

Department Budget Summary

| | Previous Year Actual FY 2015 | Current Year EOB 12/1/2015 FY 2016 | Next Year HB 1 Reengrossed w/Sen Am FY 2017 | 2017 - 2016 Change | Percent Change |
|---------------------------------------|------------------------------------|--|---|------------------------|-------------------|
| GRAND TOTAL - Statewide Budget | | | | | |
| STATE GENERAL FUND (Direct): | \$8,714,990,337 | \$8,560,149,964 | \$9,498,824,693 | \$938,674,729 | 11.0% |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 1,554,250,005 | 1,866,810,009 | 1,628,965,618 | -237,844,391 | -12.7% |
| Fees & Self-gen Revenues | 3,714,373,566 | 3,874,676,933 | 3,908,428,201 | 33,751,268 | 0.9% |
| Statutory Dedications | 4,344,847,493 | 4,113,414,793 | 3,645,221,169 | -468,193,624 | -11.4% |
| Interim Emergency Board | 243,089 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 8,762,251,803 | 9,957,616,548 | 11,730,937,666 | 1,773,321,118 | 17.8% |
| | \$27,090,956,293 | \$28,372,668,247 | \$30,412,377,347 | \$2,039,709,100 | 7.2% |
| T.O. | 52,955 | 52,453 | 32,715 | -19,738 | -37.6% |
| Other Charges Positions | 1,935 | 1,902 | 1,906 | 4 | 0.2% |
| STATE FUNDS (excludes Federal): | \$18,328,704,490 | \$18,415,051,699 | \$18,681,439,681 | \$266,387,982 | 1.4% |
| General Appropriation Bill | | | | | |
| STATE GENERAL FUND (Direct): | \$8,118,488,231 | \$8,041,802,994 | \$8,792,424,482 | \$750,621,488 | 9.3% |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 857,056,408 | 1,273,863,871 | 950,318,622 | (323,545,249) | (25.4%) |
| Fees & Self-gen Revenues | 2,088,336,606 | 2,196,127,927 | 2,320,776,082 | 124,648,155 | 5.7% |
| Statutory Dedications | 2,948,388,327 | 3,106,059,529 | 2,572,495,804 | (533,563,725) | (17.2%) |
| Interim Emergency Board | 243,089 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 8,549,235,560 | 9,724,140,405 | 11,610,975,158 | 1,886,834,753 | 19.4% |
| | \$22,561,748,221 | \$24,341,994,726 | \$26,246,990,148 | \$1,904,995,422 | 7.8% |
| T.O. | 51,807 | 50,948 | 31,224 | (19,724) | (38.7%) |
| Other Charges Positions | 1,926 | 1,892 | 1,896 | 4 | 0.2% |
| 01 Executive | | | | | |
| STATE GENERAL FUND (Direct): | \$147,985,370 | \$123,200,136 | \$124,494,110 | \$1,293,974 | 1.1% |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 81,397,640 | 75,017,789 | 80,932,058 | 5,914,269 | 7.9% |
| Fees & Self-gen Revenues | 156,925,827 | 141,355,786 | 125,149,512 | -16,206,274 | (11.5%) |
| Statutory Dedications | 115,761,413 | 181,516,536 | 191,857,823 | 10,341,287 | 5.7% |
| Interim Emergency Board | 243,089 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 1,253,826,731 | 1,797,427,266 | 1,721,638,229 | -75,789,037 | (4.2%) |
| | \$1,756,140,070 | \$2,318,517,513 | \$2,244,071,732 | -\$74,445,781 | (3.2%) |
| T.O. | 2,011 | 1,878 | 1,888 | 10 | 0.5% |
| Other Charges Positions | 381 | 358 | 358 | 0 | 0.2% |
| 03 Veterans Affairs | | | | | |
| STATE GENERAL FUND (Direct): | \$5,241,090 | \$4,177,469 | \$5,571,247 | \$1,393,778 | 33.4% |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 1,263,135 | 2,596,752 | 1,606,948 | -989,804 | (38.1%) |
| Fees & Self-gen Revenues | 14,563,275 | 16,050,000 | 15,765,052 | -284,948 | (1.8%) |
| Statutory Dedications | 20,037 | 115,528 | 115,528 | 0 | 0.0% |
| Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 36,726,098 | 39,048,575 | 38,503,005 | -545,570 | (1.4%) |
| | \$57,813,635 | \$61,988,324 | \$61,561,780 | -\$426,544 | (0.7%) |
| T.O. | 840 | 838 | 840 | 2 | 0.2% |
| Other Charges Positions | 0 | 0 | 0 | 0 | 0.2% |

Statewide Budget

Department Budget Summary

| | Previous Year Actual FY 2015 | Current Year EOB 12/1/2015 FY 2016 | Next Year HB 1 Reengrossed w/Sen Am FY 2017 | 2017 - 2016 | Percent Change |
|--------------------------------------|------------------------------------|--|---|----------------------|-------------------|
| | | | | Change | |
| 04a State | | | | | |
| STATE GENERAL FUND (Direct): | \$50,531,130 | \$55,809,470 | \$52,661,485 | -\$3,147,985 | (5.6%) |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 213,684 | 402,813 | 325,000 | -77,813 | (19.3%) |
| Fees & Self-gen Revenues | 25,332,729 | 26,176,288 | 26,104,125 | -72,163 | (0.3%) |
| Statutory Dedications | 156,519 | 514,078 | 514,078 | 0 | 0.0% |
| Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 |
| | \$76,234,062 | \$82,902,649 | \$79,604,688 | -\$3,297,961 | (4.0%) |
| T.O. | 313 | 313 | 313 | 0 | 0.0% |
| Other Charges Positions | 0 | 0 | 0 | 0 | 0 |
| 04b Justice | | | | | |
| STATE GENERAL FUND (Direct): | \$14,016,254 | \$7,656,685 | \$5,108,077 | -\$2,548,608 | (33.3%) |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 28,422,106 | 30,055,957 | 22,615,754 | -7,440,203 | (24.8%) |
| Fees & Self-gen Revenues | 4,159,720 | 11,215,390 | 6,816,714 | -4,398,676 | (39.2%) |
| Statutory Dedications | 11,693,385 | 23,953,222 | 22,098,978 | -1,854,244 | (7.7%) |
| Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 4,890,205 | 7,771,651 | 7,546,816 | -224,835 | (2.9%) |
| | \$63,181,670 | \$80,652,905 | \$64,186,339 | -\$16,466,566 | (20.4%) |
| T.O. | 467 | 479 | 479 | 0 | 0.0% |
| Other Charges Positions | 1 | 1 | 1 | 0 | 0 |
| 04c Lieutenant Governor | | | | | |
| STATE GENERAL FUND (Direct): | \$1,341,788 | \$1,291,957 | \$1,067,306 | -\$224,651 | (17.4%) |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 6,046 | 329,132 | 618,931 | 289,799 | 88.0% |
| Fees & Self-gen Revenues | 10,000 | 10,000 | 10,000 | 0 | 0.0% |
| Statutory Dedications | 0 | 0 | 0 | 0 | 0 |
| Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 3,981,759 | 5,511,341 | 5,488,059 | -23,282 | (0.4%) |
| | \$5,339,593 | \$7,142,430 | \$7,184,296 | \$41,866 | 0.6% |
| T.O. | 7 | 7 | 7 | 0 | 0.0% |
| Other Charges Positions | 8 | 8 | 8 | 0 | 0 |
| 04d Treasury | | | | | |
| STATE GENERAL FUND (Direct): | \$0 | \$0 | \$0 | \$0 | 0.0% |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 1,588,495 | 1,421,123 | 1,488,674 | 67,551 | 4.8% |
| Fees & Self-gen Revenues | 8,319,502 | 8,139,506 | 8,762,768 | 623,262 | 7.7% |
| Statutory Dedications | 464,741 | 857,596 | 811,455 | -46,141 | (5.4%) |
| Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 |
| | \$10,372,738 | \$10,418,225 | \$11,062,897 | \$644,672 | 6.2% |
| T.O. | 54 | 54 | 54 | 0 | 0.0% |
| Other Charges Positions | 0 | 0 | 0 | 0 | 0 |
| 04e Public Service Commission | | | | | |
| STATE GENERAL FUND (Direct): | \$0 | \$0 | \$0 | \$0 | 0.0% |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 0 | 0 | 0 | 0 | 0 |
| Fees & Self-gen Revenues | 0 | 0 | 0 | 0 | 0 |
| Statutory Dedications | 8,872,612 | 8,895,471 | 9,699,663 | 804,192 | 9.0% |
| Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 136,555 | 0 | 0 | 0 | 0 |
| | \$9,009,167 | \$8,895,471 | \$9,699,663 | \$804,192 | 9.0% |
| T.O. | 97 | 97 | 99 | 2 | 2.1% |
| Other Charges Positions | 0 | 0 | 0 | 0 | 0 |

Statewide Budget

Department Budget Summary

| | | Previous Year | Current Year | Next Year | 2017 - 2016 Change | Percent Change |
|------------|--|----------------------|--------------------------|--------------------------------------|-----------------------|-------------------|
| | | Actual FY 2015 | EOB 12/1/2015 FY 2016 | HB 1 Reengrossed w/Sen Am FY 2017 | | |
| 04f | Agriculture & Forestry | | | | | |
| | STATE GENERAL FUND (Direct): | \$24,978,022 | \$25,193,802 | \$24,908,204 | -\$285,598 | (1.1%) |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 620,030 | 636,945 | 641,125 | 4,180 | 0.7% |
| | Fees & Self-gen Revenues | 6,089,614 | 7,282,424 | 7,296,414 | 13,990 | 0.2% |
| | Statutory Dedications | 29,461,427 | 33,822,471 | 32,547,947 | -1,274,524 | (3.8%) |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 7,306,299 | 8,176,775 | 9,071,078 | 894,303 | 10.9% |
| | | \$68,455,392 | \$75,112,417 | \$74,464,768 | -\$647,649 | (0.9%) |
| | T.O. | 555 | 553 | 563 | 10 | 1.8% |
| | Other Charges Positions | 22 | 22 | 26 | 4 | |
| 04g | Insurance | | | | | |
| | STATE GENERAL FUND (Direct): | \$0 | \$0 | \$0 | \$0 | |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 0 | 0 | 0 | 0 | 0 |
| | Fees & Self-gen Revenues | 28,515,878 | 27,291,090 | 28,606,463 | 1,315,373 | 4.8% |
| | Statutory Dedications | 1,355,775 | 1,431,629 | 1,445,979 | 14,350 | 1.0% |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 1,080,019 | 1,842,690 | 1,309,816 | -532,874 | (28.9%) |
| | | \$30,951,672 | \$30,565,409 | \$31,362,258 | \$796,849 | 2.6% |
| | T.O. | 243 | 225 | 225 | 0 | 0.0% |
| | Other Charges Positions | 0 | 0 | 0 | 0 | |
| 05 | Economic Development | | | | | |
| | STATE GENERAL FUND (Direct): | \$16,491,399 | \$16,649,775 | \$16,313,034 | -\$336,741 | (2.0%) |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 1,535,955 | 2,856,159 | 1,231,829 | -1,624,330 | (56.9%) |
| | Fees & Self-gen Revenues | 2,548,329 | 2,967,602 | 8,387,873 | 5,420,271 | 182.6% |
| | Statutory Dedications | 19,973,664 | 24,997,069 | 18,200,000 | -6,797,069 | (27.2%) |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 2,891,473 | 6,711,410 | 7,500,000 | 788,590 | 11.7% |
| | | \$43,440,820 | \$54,182,015 | \$51,632,736 | -\$2,549,279 | (4.7%) |
| | T.O. | 113 | 110 | 110 | 0 | 0.0% |
| | Other Charges Positions | 0 | 0 | 0 | 0 | |
| 06 | Culture, Recreation & Tourism | | | | | |
| | STATE GENERAL FUND (Direct): | \$34,486,802 | \$38,190,049 | \$32,363,005 | -\$5,827,044 | (15.3%) |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 5,184,693 | 5,830,379 | 6,051,566 | 221,187 | 3.8% |
| | Fees & Self-gen Revenues | 24,301,138 | 30,499,159 | 25,649,243 | -4,849,916 | (15.9%) |
| | Statutory Dedications | 12,784,808 | 10,426,959 | 13,790,913 | 3,363,954 | 32.3% |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 5,317,181 | 7,518,319 | 7,211,871 | -306,448 | (4.1%) |
| | | \$82,074,622 | \$92,464,865 | \$85,066,598 | -\$7,398,267 | (8.0%) |
| | T.O. | 616 | 616 | 616 | 0 | 0.0% |
| | Other Charges Positions | 29 | 29 | 29 | 0 | |
| 07 | Transportation & Development | | | | | |
| | STATE GENERAL FUND (Direct): | \$0 | \$0 | \$0 | \$0 | |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 13,189,822 | 11,910,000 | 11,910,000 | 0 | 0.0% |
| | Fees & Self-gen Revenues | 23,995,396 | 27,328,296 | 28,182,415 | 854,119 | 3.1% |
| | Statutory Dedications | 490,658,964 | 522,100,017 | 531,244,581 | 9,144,564 | 1.8% |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 10,166,959 | 25,971,119 | 23,496,792 | -2,474,327 | (9.5%) |
| | | \$538,011,141 | \$587,309,432 | \$594,833,788 | \$7,524,356 | 1.3% |
| | T.O. | 4,220 | 4,194 | 4,195 | 1 | 0.0% |
| | Other Charges Positions | 0 | 0 | 0 | 0 | |

Statewide Budget Department Budget Summary

| | | Previous Year | Current Year | Next Year | 2017 - 2016 Change | Percent Change |
|----|---------------------------------------|------------------------|--------------------------|--------------------------------------|------------------------|-------------------|
| | | Actual FY 2015 | EOB 12/1/2015 FY 2016 | HB 1 Reengrossed w/Sen Am FY 2017 | | |
| 08 | DPSC Corrections Services | | | | | |
| | STATE GENERAL FUND (Direct): | \$465,520,037 | \$462,515,463 | \$464,976,800 | \$2,461,337 | 0.5% |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 4,556,490 | 4,807,719 | 5,752,519 | 944,800 | 19.7% |
| | Fees & Self-gen Revenues | 37,710,253 | 40,179,645 | 41,575,686 | 1,396,041 | 3.5% |
| | Statutory Dedications | 54,000 | 54,000 | 54,000 | 0 | 0.0% |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 1,114,366 | 1,480,697 | 2,230,697 | 750,000 | 50.7% |
| | | <u>\$508,955,146</u> | <u>\$509,037,524</u> | <u>\$514,589,702</u> | <u>\$5,552,178</u> | <u>1.1%</u> |
| | T.O. | 4,716 | 4,684 | 4,684 | 0 | 0.0% |
| | Other Charges Positions | 0 | 0 | 0 | 0 | 0 |
| 08 | DPSC Public Safety Services | | | | | |
| | STATE GENERAL FUND (Direct): | \$8,328,017 | \$0 | \$32,261,099 | \$32,261,099 | |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 26,294,609 | 38,136,571 | 38,258,311 | 121,740 | 0.3% |
| | Fees & Self-gen Revenues | 131,031,724 | 153,843,013 | 151,244,193 | -2,598,820 | (1.7%) |
| | Statutory Dedications | 202,614,095 | 223,599,311 | 207,284,924 | -16,314,387 | (7.3%) |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 31,841,773 | 49,181,799 | 47,761,138 | -1,420,661 | (2.9%) |
| | | <u>\$400,110,218</u> | <u>\$464,760,694</u> | <u>\$476,809,665</u> | <u>\$12,048,971</u> | <u>2.6%</u> |
| | T.O. | 2,452 | 2,414 | 2,446 | 32 | 1.3% |
| | Other Charges Positions | 0 | 0 | 0 | 0 | 0 |
| 08 | DPSC Youth Services | | | | | |
| | STATE GENERAL FUND (Direct): | \$94,973,085 | \$96,781,581 | \$102,366,865 | \$5,585,284 | 5.8% |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 12,261,736 | 16,959,959 | 11,959,959 | -5,000,000 | (29.5%) |
| | Fees & Self-gen Revenues | 471,673 | 775,487 | 775,487 | 0 | 0.0% |
| | Statutory Dedications | 172,000 | 149,022 | 149,022 | 0 | 0.0% |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 1,384,904 | 891,796 | 891,796 | 0 | 0.0% |
| | | <u>\$109,263,398</u> | <u>\$115,557,845</u> | <u>\$116,143,129</u> | <u>\$585,284</u> | <u>0.5%</u> |
| | T.O. | 877 | 996 | 996 | 0 | 0.0% |
| | Other Charges Positions | 0 | 6 | 6 | 0 | 0 |
| 09 | Health & Hospitals | | | | | |
| | STATE GENERAL FUND (Direct): | \$2,159,530,454 | \$2,307,668,324 | \$2,892,014,536 | \$584,346,212 | 25.3% |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 284,145,847 | 452,275,885 | 292,779,384 | -159,496,501 | (35.3%) |
| | Fees & Self-gen Revenues | 226,661,279 | 180,307,677 | 298,710,580 | 118,402,903 | 65.7% |
| | Statutory Dedications | 985,989,088 | 599,216,336 | 470,538,987 | -128,677,349 | (21.5%) |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 5,374,842,723 | 5,820,327,443 | 7,773,822,478 | 1,953,495,035 | 33.6% |
| | | <u>\$9,031,169,391</u> | <u>\$9,359,795,665</u> | <u>\$11,727,865,965</u> | <u>\$2,368,070,300</u> | <u>25.3%</u> |
| | T.O. | 5,613 | 5,502 | 5,532 | 30 | 0.5% |
| | Other Charges Positions | 1,448 | 1,430 | 1,430 | 0 | 0 |
| 10 | Children & Family Services | | | | | |
| | STATE GENERAL FUND (Direct): | \$136,927,778 | \$143,956,513 | \$151,530,273 | \$7,573,760 | 5.3% |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 8,759,707 | 44,217,734 | 16,420,568 | -27,797,166 | (62.9%) |
| | Fees & Self-gen Revenues | 11,604,290 | 17,517,760 | 17,517,760 | 0 | 0.0% |
| | Statutory Dedications | 1,142,707 | 1,255,661 | 950,757 | -304,904 | (24.3%) |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 495,536,555 | 513,925,201 | 508,513,022 | -5,412,179 | (1.1%) |
| | | <u>\$653,971,037</u> | <u>\$720,872,869</u> | <u>\$694,932,380</u> | <u>-\$25,940,489</u> | <u>(3.6%)</u> |
| | T.O. | 3,481 | 3,409 | 3,409 | 0 | 0.0% |
| | Other Charges Positions | 0 | 0 | 0 | 0 | 0 |

* Does not include \$17 M in SGF required state match to make the projected 13th managed care payment. See further explanation in Medicaid Over on Page ____.

Statewide Budget

Department Budget Summary

| | | Previous Year | Current Year | Next Year | 2017 - 2016 Change | Percent Change |
|-----------|---------------------------------|----------------------|--------------------------|--------------------------------------|-----------------------|-------------------|
| | | Actual FY 2015 | EOB 12/1/2015 FY 2016 | HB 1 Reengrossed w/Sen Am FY 2017 | | |
| 11 | Natural Resources | | | | | |
| | STATE GENERAL FUND (Direct): | \$11,344,882 | \$8,003,574 | \$9,129,427 | \$1,125,853 | 14.1% |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 16,074,009 | 18,799,573 | 13,975,783 | -4,823,790 | (25.7%) |
| | Fees & Self-gen Revenues | 101,884 | 343,750 | 343,889 | 139 | 0.0% |
| | Statutory Dedications | 25,673,069 | 28,753,356 | 25,011,214 | -3,742,142 | (13.0%) |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 6,786,374 | 16,522,373 | 14,483,745 | -2,038,628 | (12.3%) |
| | | \$59,980,218 | \$72,422,626 | \$62,944,058 | -\$9,478,568 | (13.1%) |
| | T.O. | 335 | 324 | 320 | -4 | (1.2%) |
| | Other Charges Positions | 0 | 0 | 0 | 0 | 0 |
| 12 | Revenue | | | | | |
| | STATE GENERAL FUND (Direct): | \$1,375,682 | \$0 | \$44,207,089 | \$44,207,089 | |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 171,585 | 749,801 | 243,000 | -506,801 | (67.6%) |
| | Fees & Self-gen Revenues | 99,945,473 | 96,209,055 | 53,314,548 | -42,894,507 | (44.6%) |
| | Statutory Dedications | 688,751 | 549,459 | 628,583 | 79,124 | 14.4% |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 274,454 | 0 | 0 | 0 | 0 |
| | | \$102,455,945 | \$97,508,315 | \$98,393,220 | \$884,905 | 0.9% |
| | T.O. | 715 | 700 | 703 | 3 | 0.4% |
| | Other Charges Positions | 0 | 0 | 0 | 0 | 0 |
| 13 | Environmental Quality | | | | | |
| | STATE GENERAL FUND (Direct): | \$482,377 | \$437,665 | \$0 | -\$437,665 | (100.0%) |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 212,160 | 441,000 | 441,000 | 0 | 0.0% |
| | Fees & Self-gen Revenues | 20,515 | 24,790 | 24,790 | 0 | 0.0% |
| | Statutory Dedications | 86,717,126 | 92,417,463 | 96,336,307 | 3,918,844 | 4.2% |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 17,043,424 | 20,000,179 | 20,148,647 | 148,468 | 0.7% |
| | | \$104,475,602 | \$113,321,097 | \$116,950,744 | \$3,629,647 | 3.2% |
| | T.O. | 681 | 677 | 677 | 0 | 0.0% |
| | Other Charges Positions | 0 | 0 | 0 | 0 | 0 |
| 14 | Workforce Commission | | | | | |
| | STATE GENERAL FUND (Direct): | \$8,163,120 | \$8,163,120 | \$6,530,496 | -\$1,632,624 | (20.0%) |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 1,263,600 | 4,595,368 | 6,245,368 | 1,650,000 | 35.9% |
| | Fees & Self-gen Revenues | 15,088 | 272,219 | 272,219 | 0 | 0.0% |
| | Statutory Dedications | 94,589,851 | 110,374,166 | 109,698,626 | -675,540 | (0.6%) |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 142,107,393 | 166,725,300 | 160,383,558 | -6,341,742 | (3.8%) |
| | | \$246,139,052 | \$290,130,173 | \$283,130,267 | -\$6,999,906 | (2.4%) |
| | T.O. | 938 | 917 | 917 | 0 | 0.0% |
| | Other Charges Positions | 0 | 0 | 0 | 0 | 0 |
| 16 | Wildlife & Fisheries | | | | | |
| | STATE GENERAL FUND (Direct): | \$0 | \$0 | \$0 | \$0 | |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 3,795,978 | 12,463,544 | 14,883,230 | 2,419,686 | 19.4% |
| | Fees & Self-gen Revenues | 1,671,076 | 5,266,234 | 2,011,574 | -3,254,660 | (61.8%) |
| | Statutory Dedications | 94,953,725 | 116,075,057 | 125,623,545 | 9,548,488 | 8.2% |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 28,885,597 | 45,355,687 | 49,149,402 | 3,793,715 | 8.4% |
| | | \$129,306,376 | \$179,160,522 | \$191,667,751 | \$12,507,229 | 7.0% |
| | T.O. | 753 | 773 | 773 | 0 | 0.0% |
| | Other Charges Positions | 3 | 3 | 3 | 0 | 0 |

Statewide Budget

Department Budget Summary

| | | Previous Year | Current Year | Next Year | 2017 - 2016 Change | Percent Change |
|----|------------------------------------|------------------------|--------------------------|--------------------------------------|------------------------------|-------------------|
| | | Actual FY 2015 | EOB 12/1/2015 FY 2016 | HB 1 Reengrossed w/Sen Am FY 2017 | | |
| 17 | Civil Service | | | | | |
| | STATE GENERAL FUND (Direct): | \$5,183,656 | \$5,302,054 | \$5,354,654 | \$52,600 | 1.0% |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 10,338,735 | 11,569,045 | 11,639,313 | 70,268 | 0.6% |
| | Fees & Self-gen Revenues | 785,269 | 1,020,434 | 1,091,160 | 70,726 | 6.9% |
| | Statutory Dedications | 2,000,245 | 2,120,685 | 2,214,578 | 93,893 | 4.4% |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 |
| | | \$18,307,905 | \$20,012,218 | \$20,299,705 | \$287,487 | 1.4% |
| | T.O. | 161 | 169 | 171 | 2 | 1.2% |
| | Other Charges Positions | 0 | 0 | 0 | 0 | 0 |
| 18 | Retirement Systems * | | | | | |
| | STATE GENERAL FUND (Direct): | \$8,925,579 | \$0 | \$0 | \$0 | 0 |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 0 | 0 | 0 | 0 | 0 |
| | Fees & Self-gen Revenues | 0 | 0 | 0 | 0 | 0 |
| | Statutory Dedications | 6,000,000 | 0 | 0 | 0 | 0 |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 |
| | | \$14,925,579 | \$0 | \$0 | \$0 | |
| | T.O. | 0 | 0 | 0 | 0 | 0 |
| | Other Charges Positions | 0 | 0 | 0 | 0 | 0 |
| 19 | Higher Education | | | | | |
| | STATE GENERAL FUND (Direct): | \$917,965,959 | \$649,879,923 | \$786,770,212 | \$136,890,289 | 21.1% |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 13,240,786 | 40,846,031 | 26,416,875 | -14,429,156 | (35.3%) |
| | Fees & Self-gen Revenues | 1,226,718,796 | 1,326,707,754 | 1,387,996,800 | 61,289,046 | 4.6% |
| | Statutory Dedications | 196,750,337 | 533,675,165 | 175,521,643 | -358,153,522 | (67.1%) |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 84,441,241 | 83,058,059 | 79,903,497 | -3,154,562 | (3.8%) |
| | | \$2,439,117,119 | \$2,634,166,932 | \$2,456,609,027 | -\$177,557,905 | (6.7%) |
| | T.O. | 19,972 | 19,483 | 0 | -19,483 | (100.0%) |
| | Other Charges Positions | 0 | 0 | 0 | 0 | 0 |
| 19 | Special Schools & Comm. | | | | | |
| | STATE GENERAL FUND (Direct): | \$39,497,108 | \$38,904,363 | \$38,920,524 | \$16,161 | 0.0% |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 22,935,847 | 24,615,591 | 24,039,727 | -575,864 | (2.3%) |
| | Fees & Self-gen Revenues | 2,867,523 | 3,055,133 | 3,263,033 | 207,900 | 6.8% |
| | Statutory Dedications | 22,615,747 | 25,107,251 | 25,107,770 | 519 | 0.0% |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 52,342 | 105,086 | 85,086 | -20,000 | (19.0%) |
| | | \$87,968,567 | \$91,787,424 | \$91,416,140 | -\$371,284 | (0.4%) |
| | T.O. | 730 | 724 | 726 | 2 | 0.3% |
| | Other Charges Positions | 34 | 35 | 35 | 0 | 0 |
| 19 | Education | | | | | |
| | STATE GENERAL FUND (Direct): | \$3,503,772,003 | \$3,527,878,604 | \$3,490,973,708 | -\$36,904,896 | (1.0%) |
| | STATE GENERAL FUND BY: | | | | | |
| | Interagency Transfers | 252,937,711 | 396,112,429 | 293,348,967 | -102,763,462 | (25.9%) |
| | Fees & Self-gen Revenues | 38,483,910 | 57,422,846 | 57,422,846 | 0 | 0.0% |
| | Statutory Dedications | 311,556,056 | 301,242,890 | 305,732,761 | 4,489,871 | 1.5% |
| | Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 1,030,764,233 | 1,096,741,043 | 1,121,989,830 | 25,248,787 | 2.3% |
| | | \$5,137,513,913 | \$5,379,397,812 | \$5,269,468,112 | -\$109,929,700 | (2.0%) |
| | T.O. | 516 | 481 | 481 | 0 | 0.0% |
| | Other Charges Positions | 0 | 0 | 0 | 0 | 0 |

* FY 14 Surplus Dollars

Statewide Budget

Department Budget Summary

| | Previous Year Actual FY 2015 | Current Year EOB 12/1/2015 FY 2016 | Next Year HB 1 Reengrossed w/Sen Am FY 2017 | 2017 - 2016 Change | Percent Change |
|----------------------------------|--|--|---|-----------------------|-------------------|
| | | | | | |
| 19E | LSU Health Care Services Division | | | | |
| STATE GENERAL FUND (Direct): | \$3,860,659 | \$37,222,579 | \$24,664,566 | -\$12,558,013 | (33.7%) |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 22,694,574 | 31,543,383 | 21,883,724 | -9,659,659 | (30.6%) |
| Fees & Self-gen Revenues | 4,878,873 | 6,034,389 | 11,972,658 | 5,938,269 | 98.4% |
| Statutory Dedications | 0 | 0 | 0 | 0 | 0 |
| Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 4,488,695 | 4,800,336 | 4,800,336 | 0 | 0.0% |
| | \$35,922,801 | \$79,600,687 | \$63,321,284 | -\$16,279,403 | (20.5%) |
| T.O. | 331 | 331 | 0 | -331 | (100.0%) |
| Other Charges Positions | 0 | 0 | 0 | 0 | 0 |
| 20 | Other Requirements | | | | |
| STATE GENERAL FUND (Direct): | \$457,565,980 | \$482,919,888 | \$480,237,765 | -\$2,682,123 | (0.6%) |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 43,951,428 | 44,673,189 | 44,609,009 | -64,180 | (0.1%) |
| Fees & Self-gen Revenues | 10,607,572 | 8,832,200 | 12,508,280 | 3,676,080 | 41.6% |
| Statutory Dedications | 225,668,185 | 262,839,131 | 205,316,142 | -57,522,989 | (21.9%) |
| Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 3,348,207 | 5,046,260 | 5,046,260 | 0 | 0.0% |
| | \$741,141,372 | \$804,310,668 | \$747,717,456 | -\$56,593,212 | (7.0%) |
| T.O. | 0 | 0 | 0 | 0 | 0 |
| Other Charges Positions | 0 | 0 | 0 | 0 | 0 |
| Other Appropriation Bills | | | | | |
| STATE GENERAL FUND (Direct): | \$228,691,719 | \$233,191,719 | \$209,872,547 | (\$23,319,172) | (10.0%) |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 697,193,597 | 592,946,138 | 678,646,996 | 85,700,858 | 14.5% |
| Fees & Self-gen Revenues | 1,626,036,960 | 1,678,549,006 | 1,587,652,119 | (90,896,887) | (5.4%) |
| Statutory Dedications | 1,301,269,931 | 935,283,998 | 1,024,925,365 | 89,641,367 | 9.6% |
| Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 213,016,243 | 233,476,143 | 119,962,508 | (113,513,635) | (48.6%) |
| | \$4,066,208,450 | \$3,673,447,004 | \$3,621,059,535 | (\$52,387,469) | (1.4%) |
| T.O. | 1,148 | 1,505 | 1,491 | (14) | (0.9%) |
| Other Charges Positions | 9 | 10 | 10 | 0 | 0 |
| 21 | Ancillary | | | | |
| STATE GENERAL FUND (Direct): | \$0 | \$0 | \$0 | \$0 | \$0 |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 423,993,445 | 555,953,276 | 554,254,146 | -1,699,130 | (0.3%) |
| Fees & Self-gen Revenues | 1,477,357,984 | 1,497,117,942 | 1,484,108,024 | -13,009,918 | (0.9%) |
| Statutory Dedications | 70,189,624 | 121,000,000 | 121,000,000 | 0 | 0.0% |
| Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 |
| | \$1,971,541,053 | \$2,174,071,218 | \$2,159,362,170 | -\$14,709,048 | (0.7%) |
| T.O. | 1,148 | 1,505 | 1,491 | -14 | (0.9%) |
| Other Charges Positions | 9 | 10 | 10 | 0 | 0 |
| 23 | Judiciary | | | | |
| STATE GENERAL FUND (Direct): | \$155,338,908 | \$159,838,908 | \$143,855,017 | -\$15,983,891 | (10.0%) |
| STATE GENERAL FUND BY: | | | | | |
| Interagency Transfers | 0 | 9,392,850 | 9,392,850 | 0 | 0.0% |
| Fees & Self-gen Revenues | 0 | 0 | 0 | 0 | 0 |
| Statutory Dedications | 6,616,337 | 10,371,434 | 10,407,485 | 36,051 | 0.3% |
| Interim Emergency Board | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 |
| | \$161,955,245 | \$179,603,192 | \$163,655,352 | -\$15,947,840 | (8.9%) |
| T.O. | 0 | 0 | 0 | 0 | 0 |
| Other Charges Positions | 0 | 0 | 0 | 0 | 0 |

Statewide Budget

Department Budget Summary

| | Previous Year Actual FY 2015 | Current Year EOB 12/1/2015 FY 2016 | Next Year HB 1 Reengrossed w/Sen Am FY 2017 | 2017 - 2016 Change | Percent Change |
|--------------------------------------|--------------------------------------|--|---|------------------------|---------------------------------|
| | | | | | |
| 24 | Legislature | | | | |
| | STATE GENERAL FUND (Direct): | \$73,352,811 | \$73,352,811 | \$66,017,530 | -\$7,335,281 (10.0%) |
| | STATE GENERAL FUND BY: | | | | |
| | Interagency Transfers | 0 | 0 | 0 | 0 |
| | Fees & Self-gen Revenues | 27,324,676 | 24,954,064 | 22,584,095 | -2,369,969 (9.5%) |
| | Statutory Dedications | 10,001,063 | 10,000,000 | 10,000,000 | 0 0.0% |
| | Interim Emergency Board | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 0 | 0 | 0 | 0 |
| | | \$110,678,550 | \$108,306,875 | \$98,601,625 | -\$9,705,250 (9.0%) |
| | T.O. | 0 | 0 | 0 | 0 |
| | Other Charges Positions | 0 | 0 | 0 | 0 |
| 26 | Capital Outlay Cash | | | | |
| | STATE GENERAL FUND (Direct): | \$0 | \$0 | \$0 | \$0 |
| | STATE GENERAL FUND BY: | | | | |
| | Interagency Transfers | 273,200,152 | 27,600,012 | 115,000,000 | 87,399,988 316.7% |
| | Fees & Self-gen Revenues | 121,354,300 | 156,477,000 | 80,960,000 | -75,517,000 (48.3%) |
| | Statutory Dedications | 1,214,462,907 | 793,912,564 | 883,517,880 | 89,605,316 11.3% |
| | Interim Emergency Board | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 213,016,243 | 233,476,143 | 119,962,508 | -113,513,635 (48.6%) |
| | | \$1,822,033,602 | \$1,211,465,719 | \$1,199,440,388 | -\$12,025,331 (1.0%) |
| | T.O. | 0 | 0 | 0 | 0 |
| | Other Charges Positions | 0 | 0 | 0 | 0 |
| Non-Appropriated Requirements | | | | | |
| | STATE GENERAL FUND (Direct): | \$367,810,387 | \$285,155,251 | \$496,527,664 | \$211,372,413 74.1% |
| | STATE GENERAL FUND BY: | | | | |
| | Interagency Transfers | 0 | 0 | 0 | 0 |
| | Fees & Self-gen Revenues | 0 | 0 | 0 | 0 |
| | Statutory Dedications | 95,189,235 | 72,071,266 | 47,800,000 | (24,271,266) (33.7%) |
| | Interim Emergency Board | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 0 | 0 | 0 | 0 |
| | | \$462,999,622 | \$357,226,517 | \$544,327,664 | \$187,101,147 52.4% |
| | T.O. | 0 | 0 | 0 | 0 |
| | Other Charges Positions | 0 | 0 | 0 | 0 |
| 22 | Non-Appropriated Requirements | | | | |
| | STATE GENERAL FUND (Direct): | \$367,810,387 | \$285,155,251 | \$496,527,664 | \$211,372,413 74.1% |
| | STATE GENERAL FUND BY: | | | | |
| | Interagency Transfers | 0 | 0 | 0 | 0 |
| | Fees & Self-gen Revenues | 0 | 0 | 0 | 0 |
| | Statutory Dedications | 95,189,235 | 72,071,266 | 47,800,000 | -24,271,266 (33.7%) |
| | Interim Emergency Board | 0 | 0 | 0 | 0 |
| | FEDERAL FUNDS | 0 | 0 | 0 | 0 |
| | | \$462,999,622 | \$357,226,517 | \$544,327,664 | \$187,101,147 52.4% |
| | T.O. | 0 | 0 | 0 | 0 |
| | Other Charges Positions | 0 | 0 | 0 | 0 |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|--------------|--|--|-------------|--------------|-------------|
| 01 - 107 | Executive | Division of Administration | Provides for an increase to the Executive Administration Program's Office of State Buildings (OSB) for the Office of Public Health (OPH) Lab space and Northeast LA State Owned Buildings (NELSOB) related to increased utility and janitorial costs. This will be the first full year of operation for both of those facilities after renovation. The adjustment also provides for increased janitorial costs at the First Circuit Court of Appeals, for which OSB is also responsible. The increase is comprised of \$540,220 SGF and \$459,780 IAT. | \$540,220 | \$1,000,000 | 0 |
| 01 - 109 | Executive | Coastal Protection & Restoration Authority | Increases funding from the statutorily dedicated Natural Resources Restoration Trust Fund for reimbursement of BP oil spill related expenses. The \$26.7 M will be spent as follows: \$17 M for a fish hatchery, \$9.75 M for Natural Resources Damage Assessment (NRDA) administration related to the Deepwater Horizon oil spill, and \$2,769 for project monitoring. NRDA administration involves assessing the damage to the natural resource, planning restoration through the identification of projects, determining the costs associated with the projects and finally, restoration of the damaged natural resource. | \$0 | \$26,752,769 | 0 |
| 01 - 109 | Executive | Coastal Protection & Restoration Authority | Increases funding from the statutorily dedicated Coastal Protection & Restoration Fund for operating expenses associated with the office relocation from the Chase Building to the Water Campus. The move is anticipated to take place in June/July 2016 and operations beginning at the new office on 8/1/2016. The moving expenses are projected to be \$75,000 and include transportation (\$25,000), removal and reinstallation of equipment (\$39,000) and activation/set-up charges for the Office of Technology Services (\$11,000). The remaining \$258,904 in operating expenses are for an increase in rent associated with the Water Campus. The monthly rent increase is \$23,537 and will be paid for 11 months in FY 17. | \$0 | \$333,904 | 0 |
| 01 - 111 | Executive | Homeland Security & Emergency Prep | Provides additional funding required for the 2nd of 5 installment payments due to FEMA for the state's aggregate outstanding federal debts. The total payment in FY 17 will equal \$6,910,299 and leave an outstanding balance of \$41,049,840 to be made over the next 3 fiscal years in increments of \$10.4 M, \$13.8 M and \$17.7 M (including interest payments). The debts were associated with paybacks for specific federal programs: Other Needs Assistance, Mission Assignments, Hazard Mitigation and Flood Mitigation Assistance/Unmet Needs. GOHSEP negotiated debts related to specific events and negotiated a repayment plan accepted by the federal government, which resulted in a 60% reduction in penalties. | \$1,910,299 | \$1,910,299 | 0 |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| Sch. # | Dept. | Agency | Explanation | SGF | Total | T.O. |
|---------------|--------------|------------------------------------|---|-------------|--------------|-------------|
| 01 - 111 | Executive | Homeland Security & Emergency Prep | Adjusts SGF to allocate additional revenues from the 2016 1st Extraordinary Session. This adjustment provides funding for the state's cost share to the Federal Emergency Management Agency (FEMA) for federally declared disasters related to additional invoices that were not included in the existing FEMA debt repayment plan. | \$2,184,060 | \$2,184,060 | 0 |
| | | | FEMA received a late invoice for Mission Assignments for Hurricane Isaac DR4080 and subsequently billed Louisiana after the negotiated existing five year repayment plan. This outstanding debt is the required state cost share for the FEMA Mission. Nonpayment of the debt would result in offset collections. | | | |
| 01 - 111 | Executive | Homeland Security & Emergency Prep | Provides additional expenditure authority for IAT transfers from the Department of Public Safety for equipment and software upgrades for the LA Wireless Information Network (LWIN) system. These expenditures will provide for upgrading the current software version, implementing the new system software, the console hardware equipment called General Purpose Input/Output Modules (GPIONs) and workstations running Windows Vista will need to be upgraded, replacement of all STR 3000 repeaters, as they are out of warranty and maintenance is no longer supported by the vendor. | \$0 | \$11,400,000 | 0 |
| 01 - 112 | Executive | Department of Military Affairs | Provides expenditure authority in the amount of \$280,000 SGF and \$840,000 Federal funding in the Education Program related to cadet funding requirements for the Youth Challenge Program (25% state / 75% Federal) in the amount of \$1,120,000. Provides additional expenditure authority in the amount of \$180,000 SGF to provide for tuition, books, classroom materials, and course-specific required clothing and tools for the Youth Challenge Program. | \$460,000 | \$1,300,000 | 0 |
| 01 - 124 | Executive | LA Stadium & Exposition District | Increases SG&R funding for team obligations and operating services from additional revenue projections. This adjustment provides for anticipated increases in payments to the teams generated by increasing concessions, parking and suite revenues. | \$0 | \$1,686,748 | 0 |
| 01 - 129 | Executive | LA Commission on Law Enforcement | Adds 1 position to the Crime Victims Reparations (CVR) Program to process claims for victims of sexually-oriented crimes. Pursuant to Act 229 of 2015, the LA Commission on Law Enforcement's Crime Victims Reparations Board must reimburse health care providers for costs of performing a forensic medical exam (FME) up to \$1,000. Currently the CVR Program has 240 claims awaiting processing. Based upon historical actuals, LA has approximately 1,600 sexually-oriented offenses annually. | \$0 | \$0 | 1 |
| | | | Salary and benefits total \$44,000 and will initially be paid for using the Crime Victims Reparations (CVR) Fund, which is primarily funded using court fees and fines. In FY 16 the CVR Fund has an appropriation of \$4.7 M and an unencumbered balance of \$1.4 M. In subsequent fiscal years, the LCLE anticipates being able to fund this position with Federal grant money disbursed through the Department of Justice's Office for Victims of Crimes (OVC), which disburses \$0.60 for every dollar appropriated for crime victim reparations in a particular fiscal year. | | | |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---|---------------------------|----------------------------------|------------|--------------|-------------|
| <u>Explanation</u> | | | | | |
| 01 - 129 | Executive | LA Commission on Law Enforcement | \$0 | \$15,649,909 | 0 |
| Increases Federal grant funding for the Crime Victims Assistance Program (\$13,771,920), National Instant Criminal Background Check System (\$1,095,494), Violence Against Women Act (\$156,499), National Crime Statistics Exchange Implementation Assistance Program (\$469,497), and Victims of Crime Act Training Victims Services (\$156,499). The sources of the Federal grants enhancement is derived from a greater disbursement of grant funds from the Department of Justice's Office for Victims of Crimes in FY 16 as well as match and discretionary grants. LCLE received an additional \$28.3 M in Federal grant awards as part of the Victims of Crime Act (VOCA) in FY 16. | | | | | |
| <u>Major Increases or Enhancements for Executive</u> | | | | | |
| 04e- 158 | Public Service Commission | Public Service Commission | \$0 | \$104,466 | 2 |
| Increase funding from the statutorily dedicated Utility & Carrier Inspection Supervision Fund for salaries (\$66,768) and related benefits (\$37,698). The number of authorized positions in the District Offices Program will increase by 2 positions from 35 to 37 in accordance with R.S. 45:1161.3, which requires 37 positions available for district staffing. | | | | | |
| <u>Major Increases or Enhancements for Public Service Commission</u> | | | | | |
| 04f - 160 | Agriculture & Forestry | Agriculture & Forestry | \$0 | \$104,466 | 2 |
| Increases funding for 10 additional firefighter positions in an effort to improve response times to wildfires, as well as alleviate scheduling and safety issues for fire crews statewide. | | | | | |
| <u>Major Increases or Enhancements for Agriculture & Forestry</u> | | | | | |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|-------------------------------|--------------------------|--|--------------------|--------------------|-------------|
| 05 - 251 | Economic Development | Office of the Secretary | House amendment increases SGF budget authority for the Office of the Secretary (\$5.3 M) and the Office of Business Development (\$2.8 M) due to the increase in revenue generated by policies enacted during the 2016 First Extraordinary Special Session. This adjustment brings the total SGF budget authority for LED to \$15.4 M. Along with statutory dedications of \$18.2 M, SGR of \$8.4 M and federal funding of \$7.5 M, the agency's total budget authority is now \$49.5 M. Actual expenditures in FY 15 were \$43.4 M. | \$8,104,823 | \$8,104,823 | 0 |
| | | | Major Increases or Enhancements for Economic Development | \$8,104,823 | \$8,104,823 | 0 |
| 06 - 261 | Culture, Recreation & Tourism | Office of the Secretary | Funding for the salary and related benefits for the Department Secretary's position, which was unfunded in FY 16. | \$200,640 | \$200,640 | 0 |
| 06 - 263 | Culture, Recreation & Tourism | State Museum | SGR funding for operating costs of the museums (\$366,549) and overtime pay (\$50,000) as museums continue to host a large number of after-hour events, festivals, and programs. The adjustment closely aligns with the historical average collections and expenditures. | \$0 | \$416,549 | 0 |
| | | | Major Increases or Enhancements for Culture, Recreation & Tourism | \$200,640 | \$617,189 | 0 |
| 07 - 276 | Transportation & Development | Engineering & Operations | Provides for an increase in Statutory Dedication budget authority to cover contract expenditures for Motorist Assistance Patrol (MAP) services. The federal government reimburses 80% of the cost for MAP services through TTF-Federal in the amount of \$1,680,000. The balance is paid from TTF - Regular in the amount of \$420,000. | \$0 | \$2,100,000 | 0 |
| | | | An RFP was issued to identify a contractor for the MAP program as the existing contract was approaching its termination date. The winning low-bidder's identified costs exceeded the original funding level of the base contract by \$2.4 M (the difference of \$300,000 will be covered with other funding in the department's base budget). The new contractor identified a need for additional patrol trucks that will be purchased and operated under the terms of the contract, increasing the number from 19 to 33 to provide proper service coverage and to allow rotation of vehicles to extend their useful life. The winning bidder will also generally use full-time rather than part-time operators. | | | |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|------------------------------|--------------------------------|--|--------------------|--------------------|-------------|
| 07 - 276 | Transportation & Development | Engineering & Operations | Provides additional statutory dedication budget authority from the TTF - Regular needed to fund existing contracts for statewide road maintenance including: mowing, litter collection, signal maintenance, sweeping, rest area maintenance and security, guardrail repair, attenuator repair, and cable barrier repair. The department has realized rapidly increasing contract maintenance costs associated with repair of approximately 100 miles of cable barriers installed statewide as well as additional mowing costs due to the difficulty of cutting around the barriers. In the department's FY 16 budget, expenditure authority related to contract maintenance is approximately \$6.2 M less than the \$24.2 M face value of the contracts. The department has managed this appropriation shortfall by managing the contracts so as to reduce the number of mowing and sweeping cycles performed during the year. The recommended budget would fully fund the appropriation shortfall and provide for the increased contract costs. | \$0 | \$7,000,000 | 0 |
| | | | Major Increases or Enhancements for Transportation & Development | \$0 | \$9,100,000 | 0 |
| 08A- 400 | DPS/C Corrections Services | Administration | Increases federal authority that is associated with a grant (Justice Reinvestment Initiative (JRI)) award from the U.S. Department of Justice. This grant will be utilized to: (1) establish a Regional Re-entry Program to provide pre-release re-entry services to offenders returning to the Central region from local jail facilities; and (2) to provide for the establishment of a Day Reporting Center in Alexandria. It will also will provide for the creation of an automated Risk, Need, Responsibility (RNR) tool for use by DOC staff, the Committee on Parole, sentencing courts, Regional Re-entry Programs, and Day Reporting Centers. | \$0 | \$750,000 | 0 |
| 08A- 400 | DPS/C Corrections Services | Administration | Adjustment provides IAT funding from the Workforce Commission for basic skills training for adult offenders. The original source of IAT funding is Federal funds. | \$0 | \$1,150,000 | 0 |
| 08A- 402 | DPS/C Corrections Services | LA State Penitentiary | Increases funding for utilities due to the expanded use of and reliance upon technical security and monitoring equipment (including shaker fencing, cameras, and lighting). In addition, the offender population at LSP has increased as a result of measures taken since FY 13, including the re-opening of vacant dorms to house offenders from correctional facilities that have been closed. | \$794,213 | \$794,213 | 0 |
| 08A- 402 | DPS/C Corrections Services | LA State Penitentiary | Increases funding for pharmaceutical supplies as a result of the department's regionalization of pharmacy services, as well as the reassignment of additional offenders from closed correctional facilities. | \$1,858,663 | \$1,858,663 | 0 |
| 08A- 413 | DPS/C Corrections Services | Elayn Hunt Correctional Center | Increases funding for pharmaceutical supplies as a result of the department's regionalization of pharmacy services, as well as the reassignment of additional offenders from closed correctional facilities. | \$1,022,457 | \$1,022,457 | 0 |
| | | | Major Increases or Enhancements for DPS/C Corrections Services | \$3,675,333 | \$5,575,333 | 0 |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|-----------------------------|---------------|---|------------|--------------|-------------|
| 08B- 419 | DPSC Public Safety Services | State Police | OPERATIONAL - Increase in revenues from the Riverboat Gaming Enforcement Fund for the payment of personal service expenditures associated with the conversion of 29 job appointments into authorized T.O. within the State Police Crime Lab. By converting the job appointments into T.O. positions, DPS hopes that employee retention in the State Police Crime Lab will increase. | \$0 | \$1,052,627 | 29 |
| | | | The enhancement of \$1 M represents the cost to convert the appointments into T.O. positions. The 29 job appointments being converted to T.O. positions are an Administrative Coordinator 1 (1), Administrative Program Specialist A (5), Crime Lab Analyst 3 (20), Contracts/Grant Reviewer 3 (2), and State Data Resource Officer (1). Currently these positions are funded as job appointments at a cost of \$1.4 M with an average combined salary and related benefits of approximately \$45,500 per position. The enhancement of \$1 M would increase the total funding associated with these positions from \$1.4 M to \$2.4 M, and raise the average combined salary and related benefits per position to approximately \$81,300. | | | |
| 08B- 419 | DPSC Public Safety Services | State Police | OPERATIONAL - Increase in revenues from the Riverboat Gaming Enforcement Fund for the purchase of eCitation software (\$2.6 M and hardware (\$2.1 M); for replacement of the Law Enforcement Records Management System (RMS) (\$4.4 M); and for the design, installation, and implementation of a Computer Aided Dispatch (CAD) system (\$2 M). The 3 purchases were all recommended during the GEMS Project. | \$0 | \$11,069,074 | 0 |
| | | | eCitation software allows LSP Troopers to automate ticket writing and process citations for law enforcement agencies. Replacing paper tickets with the eCitation process speeds up issuing traffic citations and allows for fast and accurate capture of the offender's data. The new RMS will replace LSP's current system, which is 8-years old and has reached its useful life span. CAD is a method of dispatching emergency services assisted by computer, and would allow dispatchers to understand the status of all units being dispatched. | | | |
| 08B- 419 | DPSC Public Safety Services | State Police | OPERATIONAL - Increase in revenues from the Riverboat Gaming Enforcement Fund for the purchase of 950 ballistic vests at a cost of \$650 per vest totaling \$617,500 (\$650 per vest x 950 vests). The current vests have reached the end of their useful life of 5 years and must be replaced. | \$0 | \$1,318,734 | 0 |
| | | | The remaining \$701,234 in revenues from the Riverboat Gaming Enforcement Fund contained within this adjustment will be diverted to the DPSC Office of Management & Finance (OMF) for the purpose of restoring funding for data maintenance costs. These funds will partially restore a reduction made in FY 15 and annualized in the FY 16 budget, despite OMF not seeing a corresponding decrease in expenditures associated with the reduction. This adjustment would provide funding for ongoing maintenance costs for OMF's data management software and hardware. | | | |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|-----------------------------|---|---|---|---------------------|-------------|
| 08B- 420 | DPSC Public Safety Services | Motor Vehicles | Increases SGF necessary for migration of the Office of Motor Vehicles (OMV) Legacy System onto the Unisys mainframe. Currently OMV is running 2 mainframes, Unisys and IBM. The system on the Unisys mainframe is the entire legacy OMV system. To consolidate the 2 mainframes into one, DPS must reprogram the legacy OMV programs on the Unisys mainframe to the IBM programming language in order for them to be used on the IBM mainframe. Once this is completed, the legacy OMV system can be migrated to the IBM mainframe, allowing OMV to discontinue use of the Unisys mainframe. | \$0 | \$1,000,000 | 0 |
| | | | Major Increases or Enhancements for DPSC Public Safety Services | \$0 | \$14,440,435 | 29 |
| 09 - 301 | Health & Hospitals | Florida Parishes Human Services Authority | Florida Parishes Additional SGF for Florida Parishes Human Services Authority (FPHSA) over the FY 16 Existing Human Services Operating Budget (16.1% increase). The LFO has requested additional information from the FPHSA on how this increase will impact services. | \$1,654,770 | \$1,654,770 | |
| 09 - 305 | Health & Hospitals | Medical Vendor Administration | Additional funding for University of New Orleans (UNO) contract services. The source of federal funds (\$1,667,390) is Medicaid administrative match. The UNO contract is a Medicaid quality control support contract related to staff augmentation for eligibility determinations. This adjustment provides funding for an additional 16 positions in the UNO contract to support project management and coordination of the Medicaid Systems Modernization Project. The increase (\$2.6 M) will reimburse for salary and related benefits, travel, supplies, and administrative related costs. | \$1,029,661 | \$2,697,051 | 0 |
| | | | \$6,497,860 \$3,800,809 \$2,697,051 | FY 17 Proposed UNO Contract Existing UNO Contract FY 17 Increase | | |
| 09 - 305 | Health & Hospitals | Medical Vendor Administration | Additional funding for Medicaid enrollment broker contract services. The source of federal funds (\$4,315,067) is Medicaid Administrative match. Maximus Health Services provides choice counseling, enrollment, and call center services for individuals in Bayou Health managed care. This adjustment provides additional funding (\$2,682,928) for contract renewal (expires 10/31/2016). The existing contract Per Member Per Month (PMPM) rate is \$0.72; and the renewal contract includes an additional \$0.29 on 1.9 M enrollees for 8 months. The remaining \$5,947,204 provides funding for a projected increase in membership due to the integration of specialized behavioral health services (\$1,276,303) and calls to the Call Center as a result of new IRS tax form mailouts required under the Affordable Care Act (\$4,670,901). | \$4,315,065 | \$8,630,132 | 0 |
| | | | Contract Renewal Call Center Increase Integration of Specialized Services Enrollment Broker Contract Increase | \$2,682,928 \$4,670,901 \$1,276,303 \$8,630,132 | | |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|--------------------|-------------------------------|---|-------------|--------------|-------------|
| 09 - 305 | Health & Hospitals | Medical Vendor Administration | Provides additional contract funding to the LA Healthcare Quality Forum (LHQF) for new contract deliverables associated with the HITECH Health Information Technology (HIT)/Health Information Exchange (HIE) federal grant (\$3,555,483). Deliverables include development of a quality survey to identify and measure quality measures, performance, outcomes, and costs across healthcare settings; start up assistance to providers for HIE participation, and reporting on Bayou Health selected measures such as low birth weight, readmissions; and other health outcomes. | \$336,476 | \$3,891,959 | 0 |
| 09 - 305 | Health & Hospitals | Medical Vendor Administration | Additional funding to develop a Medicaid asset verification program for the aged, blind and disabled. The source of federal funds (\$637,500) is Medicaid administrative match. The program will verify the assets of the aged, blind, and disabled applicants (approximately 300 K recipients annually) as part of the eligibility determination process. | \$637,500 | \$1,275,000 | 0 |
| 09 - 305 | Health & Hospitals | Medical Vendor Administration | Funding to automate Medicaid eligibility and enrollment processes. The source of federal funds (\$25,958,018) is Medicaid administrative match. The goal for the new eligibility information system is to streamline and automate eligibility and enrollment processes. DHH indicates the Centers for Medicare & Medicaid Services (CMS) is requiring LA to modernize its existing system to become compliant with the Affordable Care Act. Costs are split between implementation of an Enterprise Architecture System (\$10,305,452) for the modernization of all Medicaid information systems/functions, and costs associated with a new enrollment system for eligibility determinations and to maintain records of applicants/eligibles (\$20,276,043). Costs for eligibility and enrollment include design and development (\$14,426,043), OTS staff (\$2,500,000), hardware and software (\$2,500,000) and system maintenance (\$850,000). | \$4,623,476 | \$30,581,494 | 0 |
| 09 - 305 | Health & Hospitals | Medical Vendor Administration | Funding for the 3rd Party Liability (TPL) function. The source of federal funding (\$942,500) is federal Medicaid administrative match. LA pursues liable 3rd parties for monetary recoveries of payments in order to ensure that Medicaid is the payer of last resort. Information provided by DHH indicates the current TPL contract lapsed in December 2014. | \$942,500 | \$1,885,000 | 0 |
| 09 - 305 | Health & Hospitals | Medical Vendor Administration | Provide funding for design, development, and implementation of a provider management system to modernize provider enrollment for enrolling new and revalidating existing Medicaid and managed care providers. The source of federal funds (\$5,518,337) is Medicaid administrative match. This function is currently provided under the current Fiscal Intermediary contract (Molina). | \$1,039,823 | \$6,558,160 | 0 |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|--------------------|-------------------------|--|--------------|--------------|-------------|
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Funding for payments to Rural Health Clinics. RHC's provide physician services, nurse practitioner services, certified nurse midwife services, clinical psychologist, and clinical social worker services. The source of federal funds (\$1,757,902) is Title 19 federal financial participation. The increased funding represents 3 separate adjustments associated with a projected increase in Medicaid claims spending for RHC's in FY 17. Note: Total anticipated number of FQHC's in FY 16 is 149 (15 new clinics phased in FY 16) and FY 17 is 162 (13 new clinics opened in FY 17). The increase is based on the following projections: | \$1,065,583 | \$2,823,485 | 0 |
| | | | \$779,353 Annualization of 5 RHC's enrolled in FY 16 \$1,447,370 Phase in of 6 projected new clinics in FY 17 \$596,762 *Medicare Economic Index (MEI) adjustment (1% on total RHC payments) \$2,823,485 | | | |
| | | | *Clinics receive an all inclusive prospective rate per visit/encounter, which includes an annual MEI adjustment to the rate. The MEI is a measure of physician practice cost inflation. | | | |
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Increase in Disproportionate Share Hospital (DSH) funding for LINCCA (Low Income and Needy Care Collaboration Agreement) payments. DSH LINCCA spending is increased from \$100 M in FY 16 to \$177.5 M in FY 17. The source of matching funds is Intergovernmental Transfer (IGT) revenue from non state public facilities. The source of federal funding is Title 19 federal financial participation. | \$0 | \$77,558,786 | 0 |
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Funding for Medicare Part A & Part B premiums. The source of federal funds (\$23,425,613) is Title 19 federal financial participation. The increase is related to projected enrollment increase in the Medicare Savings Program (MSP) and a projected increase in both Part A (hospital insurance) and Part B (medical insurance) premiums, as Medicare premiums change annually in January. The MSP pays the Medicare premiums for low income Medicare beneficiaries. | \$14,199,849 | \$37,625,462 | 0 |
| | | | Part A premium to increase from \$411 to \$425; and enrollees from 8,421 (7/2016) to 8,499 (6/2017) Part B premium to increase from \$121.80 to \$123.70; and enrollees from (7/2016) to 177,120 (7/2017) | | | |
| | | | \$263,419,521 EOB for Medicare premiums \$301,044,983 Projected FY 17 cost for Medicare premiums \$37,625,462 FY 17 Budget Adjustment | | | |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|--------------------|-------------------------|--|--|---------------|-------------|
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Increases funding for 'Clawback' payments that are made by Medicaid to the Medicare Program as required by the Centers for Medicare & Medicaid Services (CMS) on a monthly basis to cover the states share of the cost of the Medicare Prescription Drug Program, Part D. As of January 2006, dual eligibles receive prescription drug benefits from Medicare only. The amount that each state pays is based on the amount the state would pay if a dual eligible Medicaid enrollee would have continued to receive their prescription drug benefit under Medicaid. Dual enrollees are enrolled in both Medicaid and Medicare. The budget adjustment is based on the following calculation: | \$2,256,323 | \$2,256,323 | 0 |
| | | | FY 16 EOB FY 17 Projection | \$139,031,515 \$141,287,838 <u>\$2,256,323</u> | | |
| | | | Note: The FY 17 estimate is based on a .5% enrollment growth of enrollees and an increase in the monthly clawback premium payments for 4 months in FY 17. | | | |
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Funding for projected private providers medical inflation and enrollment growth. The source of federal funds (\$7,451,207) is Title 19 federal financial participation. The adjustment is based on projected utilization growth in Medicaid fee-for-service (population excluded from Bayou Health). The increase is based on trend factors applied to certain categories of service (ambulatory surgical centers, case management, durable medical equipment, Early & Periodic Screening Diagnostic & Treatment services, Early Steps, Family Planning, Hemodialysis, Home Health, Hospitals, Lab and X Ray, Physician, and Transportation. An inflation percentage growth was applied to FY 16 projected spending for these categories, ranging from 3% to 4.5%. | \$4,516,681 | \$11,967,888 | 0 |
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Increases funding (\$195,263,304 SGF, \$52,379,548 Statutory Dedication & \$384,521,558 Federal) for Managed Care Organization (MCO) payments in FY 17. The source of federal funds is Title 19 federal financial participation. The increases represents capitation rate payments to Bayou Health managed care organizations. Information provided by DHH reflects funding adjustments to the Bayou Health payment base anticipated for FY 17. Adjustments include enrollment growth (3% or 28,805), utilization and unit cost trend adjustments for services covered under the MCO's (for example hospital services, lab and X-ray, home health, physician services), annualization of new services carved in to Bayou Health (community hospice, PDHC, and EPSDT-PCS), Shared Savings Payouts, and a specialized behavioral health cost trend adjustment. | \$195,263,304 | \$632,164,410 | 0 |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

Major Enhancements and Increases

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|--------------------|-------------------------|---|-------------|--------------|-------------|
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Annualized cost associated with 96 new enrollees added in FY 16 to the Program for the All Inclusive Care for the Elderly (PACE) at the Baton Rouge and New Orleans sites and a phase-in of 114 additional enrollees in FY 17. The source of federal funds (\$3,992,282) is Title 19 federal financial participation. PACE programs coordinate and provides all needed preventive, primary health, acute and long term care services so that older adults can continue living in the community. This program provides services across all care settings on a 24-hour basis each day of the year. This enhancement may be impacted by the adjustments identified on the Budget Reduction Summary detailed on Page 1 of the <i>Major Reductions Section</i> . | \$2,419,992 | \$6,412,274 | 0 |
| | | | \$17,543,456 FY 17 Projected expenditures (inclusive of 66 new enrollees) \$13,039,775 FY 16 EOB <u>\$4,503,681</u> <i>SUBTOTAL - Baton Rouge & New Orleans Sites</i> | | | |
| | | | \$1,033,821 FY 16 enrollee cost (4 phased in per month) \$874,772 FY 17 new PACE enrollees (48) <u>\$1,908,593</u> <i>SUBTOTAL - Lafayette Site</i> | | | |
| | | | \$6,412,274 Total Increase for FY 17 | | | |
| 25 | 09 - 306 | Health & Hospitals | Medical Vendor Payments Funding for payments to Federally Qualified Health Centers. FQHC's provide comprehensive primary care services in urban and rural areas that are considered medically underserved as designated by the federal government. The source of federal funds (\$4,266,188) is Title 19 federal financial participation. The increased funding represents 3 separate adjustments associated with projected increased Medicaid claims spending for FQHC's in FY 17. Note: Total anticipated number of FQHC's in FY 16 is 149 (15 new clinics phased in FY 16) and FY 17 is 162 (13 new clinics opened in FY 17). The increase is based on the following projections: | \$2,586,026 | \$6,852,214 | 0 |
| | | | \$2,526,405 Annualization of 15 FQHC's enrolled in FY 16 \$3,657,631 Phase in of 13 projected new clinics in FY 17 \$668,178 *Medicare Economic Index (MEI) adjustment (1% on total FQHC payments) <u>\$6,852,214</u> | | | |
| | | | *Centers receive an all inclusive prospective rate per visit/encounter, which includes an annual MEI adjustment to the rate. The MEI is a measure of physician practice cost inflation. | | | |
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Annualized funding for 413 Supports Waiver slots certified in FY 16. The source of federal funds (\$769,505) is Title 19 federal financial participation. The Average monthly cost per recipient for Supports Waiver is approximately \$662 (\$7,944 annual), not inclusive of acute services. | \$466,449 | \$1,235,954 | 0 |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|--------------------|-------------------------|---|--------------|--------------|-------------|
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Annualized funding for 237 Childrens Choice Waiver (CCW) slots certified in FY 16. The source of federal funds (\$1,022,912) is Title 19 federal financial participation. The average monthly cost per recipient for CCW waiver is approximately \$880 (\$10,560 annual). | \$620,057 | \$1,642,969 | 0 |
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Funding for New Opportunities Waiver (NOW) waivers. The source of federal funding (\$16,481,380) is Title 19 federal financial participation. Average monthly cost per recipient for a NOW waiver is approximately \$4,400 (\$52,800 annual) not inclusive of acute services. | \$9,990,481 | \$26,471,861 | 0 |
| | | | \$23,436,006 (\$8,844,749 SGF) - Funding required to fund the FY 16 NOW expenditure projection \$3,035,855 (\$1,145,732 SGF) - Annualize funding for 155 slots certified in FY 16 <u>\$26,471,861</u> | | | |
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Funding for Coordinated System of Care (CSoC) waiver program. The source of federal funds (\$17,853,112) is Title 19 federal financial participation. The CSoC Program provides specialized behavioral health services to youth at risk. Youth are provided assistance of various wrap around agencies that provide direct intensive case management. Beginning 12/1/2016, MVP will begin paying an administrative Per Member Per Month (PMPM) fee to providers that provide direct intensive case management to participants. The adjustment covers costs for approximately 7 months in FY 17. The adjustment is based on a PMPM cost to the CSoC contractor of approximately \$309.90, and a \$1,035 PMPM cost to various wrap around agencies. | \$10,821,980 | \$28,675,092 | 0 |
| | | | \$5,206,320 CSoC contractor admin costs - 2,400 kids *\$309.90 PMPM* 7 (months in FY 17) \$17,388,000 Wrap around agency admin costs - 2,400 kids *\$1,035 PMPM *7 (7 months in FY 17) \$6,080,772 Projected fee-for-service payments to providers <u>\$28,675,092</u> | | | |
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Funding for increase in Pharmacy expenditures. The source of federal funds (\$26,747,031) is Title 19 federal financial participation. The adjustment is based on projected pharmacy price growth (\$6,356,688 M) and replacement of rebate revenues (\$35.5 M) anticipated to be reduced in FY 17. Information provided by DHH indicates projected pharmacy expenditure growth is driven by generic drug price growth and specialized medications based on national pharmacy trend data as reported in the National Health Expenditures Forecast Summary. The increase adjusts for pharmacy rebate reductions in FY 17. | \$15,109,657 | \$41,856,688 | 0 |
| | | | 6.3% Pharmacy Growth in FY 17 (fee-for-service claims) Projected State Supplemental Rebate Reduction Projected Federal Rebate Reduction <u>\$6,356,688</u> <u>\$2,400,000</u> <u>\$33,100,000</u> <u>\$41,856,688</u> | | | |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|--------------------|-------------------------|---|---------------|---------------|-------------|
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Additional funding to increase per diem rates effective 7/1/2016. The source of federal funds (\$1,273,026) is Title 19 federal financial participation. Act 327 of 2007 mandates an inpatient per diem rate increase for small rural hospitals every other year. The adjustment is based on the average re-base amount of the last 2 hospital rate re-bases (FY 13 & FY 15). The estimated FY 17 Acute re-base increase is \$76.68 per day. | \$771,668 | \$2,044,694 | 0 |
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Provides additional funding for nursing home providers rate increases (rate re-base) for FY 17. The source of Statutory Dedication is revenue from the Medicaid Trust Fund for the Elderly (\$23,909,431). The source of federal funds (\$39,443,591) is Title 19 federal financial participation. The provider rate increase is based a projected per day rate increase of \$8.69 per bed per day (average daily rate of \$164.22). | \$0 | \$63,353,022 | 0 |
| | | | | | | |
| | | | Nursing Homes Hospice Room/Board | | | |
| | | | FY 17 Medicaid Nursing Home Days: | | | |
| | | | Projected Per Day Increase | 6,893,784 | 417,196 | |
| | | | Subtotal Increase | \$8.69 | \$8.26 | |
| | | | | \$59,906,983 | \$3,446,039 | |
| | | | Total Increase Due to Rebase: | | | |
| | | | | \$63,353,022 | | |
| | | | | | | |
| 27 | 09 - 306 | Health & Hospitals | Provides funding for an additional Medicaid Bayou Health payment checkwrite resulting in 13 payments for managed care premium payments in FY 17. The source of federal funds (\$208,239,595) is Title 19 federal financial participation. This adjustment represents a FY 16 Bayou Health monthly payment obligation that was pushed into FY 17 as a result of the FY 16 mid-year deficit solution. | \$109,228,113 | \$317,467,708 | 0 |
| | | | | | | |
| | | | Note: This adjustment does not include \$17 M in SGF required state match to make the projected 13th managed care payments as a result of this amount only being available for expenditure when the Department of Revenue prevails in any suit appeal, or petition associated with an amount paid under protest and held in escrow in accordance with R.S. 47:1576 and transfers such monies to the SGF to be utilized to fund the 13th managed care payment. The total SGF need is \$126.2 M to draw down \$208.2 M in federal funding for \$334.4 M in total payments. | | | |
| | | | | | | |
| | 09 - 306 | Health & Hospitals | Provides funding for an increase to Hospice rates. The source of federal funds (\$539,300) is Title 19 federal financial participation. This adjustment increases Hospice rates by approximately 1.6%. Information provided by DHH indicates the Hospice rate increase is based on a rate schedule established by the Centers for Medicare & Medicaid Services. The increase is based on the following projection: | \$326,906 | \$866,206 | 0 |
| | | | | | | |
| | | | \$5,403,990 FY 17 projected Hospice payments (including utilization growth and 1.6% rate increase) | | | |
| | | | \$4,537,784 FY 16 EOB for Hospice payments | | | |
| | | | \$866,206 FY 17 Increase | | | |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| Sch. # | Dept. | Agency | Explanation | T.O. |
|-----------|--------------------|---|---|--|
| | | | <u>SGF</u> | <u>Total</u> |
| 009 - 306 | Health & Hospitals | Medical Vendor Payments | Additional funding for Medicaid expansion to individuals up to 138% of the federal poverty level under the Affordable Care Act. The adjustment reflects managed care premium payments for an estimated 375,000 enrollees for FY 17. The source of federal funds is Title 19 federal financial participation. | \$51,357,374 \$1,744,126,901 0 |
| | | | SGF | Total |
| 009 - 309 | Health & Hospitals | South Central LA Human Services Authority | MCO Payments Medicaid Admin. \$39,733,074 \$11,624,300 <u>\$51,357,374</u> | \$1,704,345,146 \$ 39,781,755 <u>\$1,744,126,901</u> |
| 009 - 325 | Health & Hospitals | Acadiana Area Human Services District | Additional SGF for Acadiana Area Human Services District (AAHSD) over the FY 16 Existing Operating Budget (11.5% increase). The LFO has requested additional information from the AAHSD on how this increase will impact services. | \$310,778 \$310,778 |
| 009 - 326 | Health & Hospitals | Public Health | Increase SGF for repayment of funds to the federal Food and Nutrition Service (FNS) agency. In FY 15, the FNS agency issued a \$9 M claim against the LA Women, Infants & Children (WIC) Program for improper payment of Federal funds. DHH negotiated a settlement with FNS to repay the disallowance. As part of the settlement, DHH will make a \$2.05 M cash payment to FNS and implement vendor improvements to the WIC Program as that equals the remaining \$6.15 M. The \$2.05 M cash payment will be repaid in 3 installments of \$683,333 beginning in FY 17. | \$1,495,183 \$1,495,183 |
| 009 - 326 | Health & Hospitals | Public Health | Increases Federal funds from pharmaceutical rebates on drug purchases through the Louisiana Health Access Program (LA HAP), formerly known as AIDS Drug Assistance Programs (ADAP). LA HAP assists uninsured and insured individuals with HIV with drug costs and eligible insurance plan premiums as well as cost sharing (i.e. co-payments, co-insurances and deductibles) associated with drugs and health insurance coverage. The program is funded with federal funds from the Ryan White HIV/AIDS Program, Health Resources and Services Administration (HRSA). In FY 17, OPH is projecting collecting an additional \$9.9 M in pharmaceutical rebates. The rebate funds are expended on services for individuals with HIV. | \$0 \$683,333 \$683,333 0 |
| FY 16 | | | | \$25.1 M |
| FY 17 | | | | \$35.0 M \$9.9 M Rebate Collections Projected Increase |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| Sch. # | Dept. | Agency | Explanation | SGF | Total | T.O. |
|---------------|--------------------|---|--|----------------------|------------------------|-------------|
| 09 - 326 | Health & Hospitals | Public Health | Increases SGR in the event that HB 995 of the 2016 Regular Session is enacted. HB 995 increases the annual administration fee for the Safe Drinking Water Program from \$3.20 to \$12. Projected revenue of \$12,961,000 from HB 995 will be used to fund up to 40 sanitarian positions within the Safe Drinking Water Program within the Office of Public Health (OPH). The annual cost of a sanitarian position is approximately \$96,000 (\$65,000 average salary plus \$31,000 related benefits). In addition, OPH will transfer \$500,000 to the LA Rural Water Association as required by a provision of HB 995 Reengrossed. | \$0 | \$13,461,600 | 0 |
| 09 - 330 | Health & Hospitals | Behavioral Health | Additional SGF for Office of Behavioral Health (OBH) compared to the FY 16 Existing Operating Budget (2.3% increase). The LFO has requested additional information from the OBH regarding the impact on services. See OBH Issue write-up for additional information. | \$2,481,197 | \$2,481,197 | |
| 09 - 340 | Health & Hospitals | OCDD | Funding for service need assessments of individuals on the Request for Services Registry (waiting list) for the NOW waiver to determine a prioritization for access. As of 12/31/2015, there were 13,605 individuals on the NOW waiting list. OCDD will contract with existing provider agencies to perform these assessments, which is estimated to be completed before the end of FY 17. OCDD will provide the state match and the allowable Federal share to support this function will come from the Medicaid Program (\$2,929,070 SGF and \$1,563,522 Title 19 Medicaid IAT). | \$2,929,070 | \$4,492,592 | 0 |
| 29 | Health & Hospitals | OCDD | Increases Title 19 Medicaid IAT funding for 30 Residential Support Specialist positions at Pinecrest Supports & Services Center (SSC), which is the last state-operated SSC. The additional positions are needed to meet the required staff to resident ratio of 1:3.2 at Pinecrest. This will result in an increase of \$791,344 in salaries and \$636,888 in related benefits. | \$0 | \$1,428,232 | 30 |
| 09 - 340 | Health & Hospitals | Imperial Calcasieu Human Services Authority | Additional SGF for Imperial Calcasieu Human Services Authority (ICHSA) compared to the FY 16 Existing Operating Budget (2.8% increase). The LFO has requested additional information from the ICHSA Authority regarding the impact on services. | \$224,434 | \$224,434 | |
| | | | Major Increases or Enhancements for Health & Hospitals | \$446,164,757 | \$3,107,343,636 | 30 |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---|----------------------------|---|--|---------------------|-------------|
| Explanation | | | | | |
| 10 - 360 | Children & Family Services | Children & Family Services | \$13,200,000 | \$9,740,038 | 0 |
| Replaces \$30,859,962 of IAT Title 19 Medicaid budgeted for Targeted Case Management (TCM) with \$13.2 M of SGF and \$27.4 M of Federal Title IV-E funding. In FY 15, the department anticipated using TCM as a means of financing child welfare. Under TCM, the department anticipated using Title 19 Medicaid funds to provide eligible child welfare services. The federal Centers for Medicare and Medicaid (CMS) has not approved the TCM; therefore, all anticipated Title 19 Medicaid funds are removed and replaced with SGF and federal Title IV-E to support child welfare services. In the FY 16 budget, the \$30.8 M of Title 19 Medicaid represents partial funding of TCM. In the FY 17 budget, the \$40.6 M of SGF and Federal funding represents total funding need to continue child welfare services. | | | | | |
| | | SGF IAT (DHH - Medicaid) Federal (Title IV-E) | \$13,200,000 (\$30,859,962) \$27,400,000 <u>\$9,740,038</u> | | |
| 10 - 360 | Children & Family Services | Children & Family Services | \$4,000,000 | \$4,000,000 | 0 |
| Increases funding for 2 emergency shelters (West Park and Madison) and one vacant position (\$1,062,008); funding for 22 vacant positions in the Child Welfare Program (\$752,238); and funding for 66 vacant positions in the Supplemental Nutrition Assistance Program, SNAP (\$2,185,754). | | | | | |
| | | Major Increases or Enhancements for Children & Family Services | \$17,200,000 | \$13,740,038 | 0 |
| 11 - 435 | Natural Resources | Coastal Management | \$0 | \$1,027,205 | 0 |
| Provides additional budget authority from Statutory Dedications - Coastal Resource Trust Fund for beneficial use related expenditures. Monies in this fund are deposited by obligated entities and used to fund additional coastal restoration efforts in order to build coastal wetlands to offset impacts associated with the permitting of dredging activities where the materials were unable to be utilized beneficially. | | | | | |
| | | Major Increases or Enhancements for Natural Resources | \$0 | \$1,027,205 | 0 |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|-----------------------|-----------------------|--|---------------------|---------------------|-------------|
| 12 - 440 | Revenue | Office of Revenue | House amendment increases SGF budget authority which represents a restoration of funding due to tax increases from the 2016 First Extraordinary Session of \$25.3 M and an additional \$5 M to cover anticipated expenditures in an environment of declining SGR for the agency. The department has not required SGF until FY 16, in which \$20 M has been appropriated in the funds bill, which is essentially the amount of SGF seed the agency has not yet repaid. The agency's SGR is in decline due to the recent 3-year amnesty which dampened penalty collections as well as recurring fund sweeps that eliminated any carryforward funding that had been used in the past to alleviate the need for general fund. The departmental budget now totals \$47.2 M in SGF, \$47 M in SGR and \$0.9 M in Statutory Dedications and IAT funding for a total budget of \$95.1 M. Actual expenditures in FY 15 were \$102.5 M, including costs for administering the amnesty program. | \$30,320,451 | \$30,320,451 | 0 |
| 12 - 440 | Revenue | Office of Revenue | House amendment increases SGR appropriation to fund departmental participation in any Multi-state Tax Commission that the Secretary determines will help increase tax collections through interstate cooperation on arm's length transactions. | \$0 | \$150,000 | 0 |
| 13 - 856 | Environmental Quality | Environmental Quality | Major Increases or Enhancements for Revenue | \$30,320,451 | \$30,470,451 | 0 |
| | | | Increases funding from the statutorily dedicated Environmental Trust Fund within the Management & Finance Program. The increase is for IAT expenditures that include information technology projects and upgrades to current systems. Projects include site upgrades for air monitoring, system updates to e-report data to the U.S. Environmental Protection Agency, new computers, printers and tablets, IT contract for water quality reports and e-business development for the department. | \$0 | \$543,802 | 0 |
| | | | Major Increases or Enhancements for Environmental Quality | \$0 | \$543,802 | 0 |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|----------------------|----------------------------------|---|--------------|--------------------|-------------|
| 14 - 474 | Workforce Commission | Workforce Support & Training | Increases funding from the statutorily dedicated Office of Workers' Compensation Administrative Fund (\$821,885) and Employment Security Administration Account (\$200,000). Funds are being used to support the administration of the Unemployment Insurance Program, Workers' Compensation Administration Courts, and the local business and career solution centers that provide workforce development assistance to businesses and placement assistance to job seekers. | \$0 | \$1,021,885 | 0 |
| | | | Major Increases or Enhancements for Workforce Commission | \$0 | \$1,021,885 | 0 |
| 19 - 678 | Education | State Activities | Increases IAT funding from the LA Workforce Commission for Jobs for America's Graduates Program (JAG). Jobs for America's Graduates-Louisiana is a dropout prevention and recovery program that delivers a unique set of services for students with major obstacles to help them earn a high school diploma and for out-of-school youth, to assist them in earning a high school equivalency diploma. Funds will be used for administration and grants and finance management. FY 16 funding totals \$265 K. Additional funding for grants to local school districts is budgeted in the Subgrantee Assistance Program. | \$0 | \$500,000 | 0 |
| 19 - 681 | Education | Subgrantee Assistance | Increases IAT funding from the LA Workforce Commission to the Student Centered Goals Program for Jobs for America's Graduates Program (JAG). Jobs for America's Graduates-Louisiana is a dropout prevention and recovery program that delivers a unique set of services for students with major obstacles to help them earn a high school diploma and for out-of-school youth, to assist them in earning a high school equivalency diploma. Grants up to \$50,000 may be awarded to school districts based on the number of grant applications and available funding levels. FY 16 funding totals \$2.4 M. Additional funding for administration and grants and finance management is budgeted in State Activities. | \$0 | \$2,500,000 | 0 |
| 19 - 682 | Education | Recovery School District (RSD) | Increases federal funding for the RSD-Construction program associated with a grant from the U.S. Department of Health & Human Services for a School Based Health Center at Booker T. Washington High School in New Orleans. | \$0 | \$500,000 | 0 |
| 19 - 682 | Education | Recovery School District (RSD) | Provides funding for fees assessed by the Office of Technology Services for support services provided to all state agencies. | \$643,976 | \$643,976 | 0 |
| 19 - 695 | Education | Minimum Foundation Program (MFP) | Increases funding based on the 10/1/2015 and estimated 2/1/2015 students counts indicating a net increase of 2,298 students. The FY 16 MFP is funded at \$3,678,434,782 with a current student enrollment of 690,847. Recommended FY 17 budget is \$3,649,014,470. The FY 17 projected student enrollment is 693,145. | \$14,804,134 | \$14,804,134 | 0 |
| 19 - 699 | Education | Special School Districts | Provides for education services at the Acadiana Center for Youth in Bunkie which is scheduled to open August 2016. | \$227,900 | \$227,900 | 0 |

Major Increases or Enhancements in the FY 17 Budget Compared to the FY 16 Budget

| Sch. # | Dept. | Agency | Explanation | SGF | Total | T.O. |
|---|--------------------|--|--|---------------|-----------------|-------------|
| Major Increases or Enhancements for Education | | | | | | |
| 20 - 451 | Other Requirements | Local Housing of State Adult Offenders | This adjustment provides for an increase in the Other Charges expenditure category for costs associated with the increase in the number of offenders (135) housed in local jails and/or transitional work programs. | \$15,676,010 | \$19,176,010 | 0 |
| 20 - 451 | Other Requirements | Local Housing of State Adult Offenders | Provides funding for housing of parole holds | \$0 | \$2,279,642 | 0 |
| 20 - 901 | Other Requirements | State Sales Tax Dedications | Lafourche Parish Association for Retarded Citizens (ARC) Training & Development Fund. Testimony indicated the funds will be used for a capital project. Annual new revenue deposited into the fund is roughly \$400,000, which is currently appropriated. This amendment will bring the total FY 17 appropriation from the fund to \$800,000. | \$0 | \$400,000 | 0 |
| 20 - XXX | Other Requirements | Funds | Provides adjustments primarily related to transfers to statutory dedications in the amounts of: | \$1,813,245 | \$1,813,245 | 0 |
| | | | 1) \$259,245 for the LA Public Defender Fund (LA Public Defender Board) 2) (\$296,000) for the Innocence Compensation Fund (LA Commission on Law Enforcement) 3) (\$200,000) for the Louisiana Emergency Response Network Fund (LA Emergency Response Network) 4) \$2,050,000 for the Self-Insurance Fund (Office of Risk Management) | | | |
| Major Increases or Enhancements for Other Requirements | | | | | | |
| Major Increases or Enhancements of FY 2017 | | | | | | |
| | | | | \$530,159,106 | \$3,279,885,117 | 72 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|--------------|----------------------------|---|--------------|---------------|-------------|
| 01 - 100 | Executive | Executive Office | The Executive Office reports that the proposed reduction of SGF support will limit the operational capacity of the Governor's Office. The agency reports it would likely have to downsize by eliminating approximately 15 to 20 of its 74 authorized positions, evaluating each position in an effort to maintain the capability to perform the constitutional duties of the governor. The agency reports that the Governor's Office of Community Programs (OCP) will be adversely impacted through the reduction of federal match, with an accompanying negative impact to its ability to coordinate effective and efficient services to the citizens of the state. OCP oversees and coordinates the work of the Office of Elderly Affairs, Office of Disability Affairs, Statewide Independent Living Council, Children's Cabinet, Interagency Coordinating Council, LA Youth for Excellence, Drug Policy Board and the Women's Policy Board. The office serves as the primary point of contact between the executive office with advocacy organizations, nonprofits, charities, churches and faith-based initiatives across the state to assist in connecting citizens with resources in their area to help address needs. | -\$1,041,679 | -\$1,041,679 | 0 |
| 01 - 101 | Executive | Indian Affairs | Reduces Statutory Dedications in the Avoyelles Parish Local Gaming Mitigation Fund by (\$1.15 M) to reflect the Revenue Estimating Conference forecast adopted on 2/10/2016. The new estimated revenues for this fund are approximately \$130,000 and roughly in-line with actual collections over the past 2 fiscal years. | \$0 | -\$1,146,525 | 0 |
| 01 - 107 | Executive | Division of Administration | The Governor's Office of Indian Affairs awards scholarships to Native American students and acts as a pass through agent to distribute funding to various local government entities in Avoyelles Parish from the Tunica-Biloxi Casino to be used for infrastructure projects. | \$0 | -\$88,278,394 | 0 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|--------------|----------------------------|--|---|--------------|---------------|
| 01 - 107 | Executive | Division of Administration | The Division of Administration (DOA) reports that the proposed SGF reduction will result in the elimination of 12 funded T.O. vacant positions and associated personal services expenditures agency wide to effectuate a total savings of \$1,479,361. The reduction in T.O. includes the Office of Finance & Support Services – 2 T.O., Office of Statewide Reporting & Accounting Policy – 2 T.O., Internal Audit – 1 T.O., Office of General Counsel – 2 T.O., State Buildings & Grounds – 3 T.O. and elimination of the Federal Funds Office and 2 associated T.O.). | -\$7,500,945 | -\$7,500,945 | 0 |
| | | | DOA additionally reports that it will allocate the expenditure reduction as follows: Delay implementation of the statewide Strategic Resource Management budgeting and financial management modules (\$4,815,699); eliminate funds transferred from the Commissioner's Office to the Governor's Office and Attorney General's Office for legal service contracts (\$475,000); reduction of expenditures within the Office of Finance & Support Services by allocating a portion of Disaster Recovery Unit retiree health insurance obligations to federal grants, reducing termination pay to reflect projected costs in FY 17 and a reduction in operating services (\$310,000); reduction in Office of State Purchasing fee payments \$53,818; an overall reduction in operating expenses for State Building & Grounds (\$132,153); and a reduction of Disaster Recovery Unit administration match funding providing representation in Washington D.C. for grant requests (\$234,915). | | | |
| 35 | 01 - 109 | Executive | Coastal Protection & Restoration Authority | Decreases funding from the statutorily dedicated Coastal Protection & Restoration Fund. The \$7 M was transferred to the Attorney General's Office for reimbursement of Deepwater Horizon oil spill expenditures. | \$0 | -\$7,000,000 |
| | 01 - 109 | Executive | Coastal Protection & Restoration Authority | Reduces funding from the statutorily dedicated Coastal Protection & Restoration Fund and Federal budget authority associated with the Coastal Wetlands Planning, Protection & Restoration Act to align expenditures with the agency's annual plan for coastal restoration projects. The reductions do not affect future projects. | \$0 | -\$20,438,214 |
| | 01 - 109 | Executive | Coastal Protection & Restoration Authority | Decreases funding from the statutorily dedicated Oil Spill Contingency Fund for expenses associated with the Emergency Berm Project. The FY 16 budget amount is \$10 M and the FY 17 budget amount will be \$4.9 M. The agency has utilized all but \$4.9 M for the Barrier Island Project as a result of the Deepwater Horizon event. Construction on Shell Island East Project in Plaquemines Parish began in FY 13 and was finished in FY 14. The remaining funding will be used for final payment to the contractor. The project length is projected to be 2.8 miles and have a dune elevation of 8 feet, a marsh elevation of 2.5 feet and a total fill area of 613 acres. | \$0 | -\$5,038,717 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|--------------|------------------------------------|---|---------------------|-----------------------|-------------|
| 01 - 111 | Executive | Homeland Security & Emergency Prep | Reduces IAT funding associated with several items to reflect anticipated FY 17 expenditures. This adjustment reduces a portion of funding for the Hazard Mitigation Pilot Reconstruction Project from the Community Development Block Grant (CDBG) program in the Division of Administration. GOHSEP receives IAT from the Office of Community Development for parishes receiving FEMA Hazard Mitigation Grant Program (HMGP) funds for reconstruction of homes that were damaged and for which elevation of the home was not feasible. Additional fund reductions are associated with payments from the Department of Education for the broadband dedicated public safety network grant, from the Division of Administration for the FEMA Pilot Reconstruction Program, from the School Emergency Management Program to enhance education agencies' emergency operations plans, from the State and Local Implementation Grant Program for outreach and planning efforts regarding the Nationwide Public Safety Broadband Network, and from CDBG to provide various projects. | \$0 | -\$5,158,359 | 0 |
| 01 - 112 | Executive | Department of Military Affairs | Reduces federal funding related to the M-6 explosive cleanup effort at Camp Minden. The department reports remaining anticipated expenditures during FY 17 total \$21.85 M. The project is anticipated to be completed during the upcoming fiscal year, after which remaining federal expenditure authority will be non-recurring in the subsequent budget recommendation. | \$0 | -\$6,901,224 | 0 |
| 36 01 - 129 | Executive | LA Commission on Law Enforcement | Decreases federal grant funding for the Juvenile Accountability Information Grant (\$200,000) and Firearms Background Checks through Enhanced State Data Sharing implementation (\$300,000). The decrease is due to the term for the Firearms Background Checks grant ending and a decrease in available funds for the Juvenile Accountability Information Grant from \$603,363 in FY 16 to \$403,363 in FY 17. | \$0 | -\$500,000 | 0 |
| | | | Major Reductions for Executive | -\$8,542,624 | -\$143,004,057 | 0 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> | | | | | | | | | | | | |
|-------------------------------------|---|--------------------|--|--|----------------------|--|----------|---|----------|--|--------------------|--------------|--------------------|--|--|-------|--|--|
| 04a- 139 | State | Secretary of State | Decrease in election expenses due to LA having one fewer statewide election in FY 17 than in FY 16. The Secretary of State anticipated this based upon the election cycle, and as a result the reduction will have no programmatic impact on elections. In FY 17 there are 4 statewide elections including an open primary/presidential/congressional, open general/congressional, municipal primary, and municipal general. The estimated cost of election expenses in FY 17 is \$17.6 M. | -\$2,672,580 | -\$2,672,580 | 0 | | | | | | | | | | | | |
| 04a- 139 | State | Secretary of State | The Secretary of State's SGF reduction will affect its Museums Program. Programmatic impacts include limiting museum hours and operating days, closure of museums, and sale of museums to local governing authorities. The existing SGF appropriation in FY 16 for the Museums Program is approximately \$3.3 M. | -\$590,569 | -\$590,569 | 0 | | | | | | | | | | | | |
| Major Reductions for State | | | | -\$3,263,149 | -\$3,263,149 | 0 | | | | | | | | | | | | |
| 04b- 141 | Justice | Attorney General | Decreases IAT funding from the Coastal Protection & Restoration Authority for Deepwater Horizon oil spill litigation. The funds were expended as follows: | \$0 | -\$7,000,000 | 0 | | | | | | | | | | | | |
| | | | | <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 15%;">\$125,650</td> <td>Operating Services (travel, operating expenses and supplies)</td> </tr> <tr> <td>\$64,982</td> <td>Other Charges (IAT expenditures discovery, filings, research and transcripts)</td> </tr> <tr> <td>\$20,018</td> <td></td> </tr> <tr> <td><u>\$6,789,350</u></td> <td>Acquisitions</td> </tr> <tr> <td><u>\$7,000,000</u></td> <td>Professional Services (legal service contracts and expert witness contracts)</td> </tr> <tr> <td></td> <td>Total</td> </tr> </table> | \$125,650 | Operating Services (travel, operating expenses and supplies) | \$64,982 | Other Charges (IAT expenditures discovery, filings, research and transcripts) | \$20,018 | | <u>\$6,789,350</u> | Acquisitions | <u>\$7,000,000</u> | Professional Services (legal service contracts and expert witness contracts) | | Total | | |
| \$125,650 | Operating Services (travel, operating expenses and supplies) | | | | | | | | | | | | | | | | | |
| \$64,982 | Other Charges (IAT expenditures discovery, filings, research and transcripts) | | | | | | | | | | | | | | | | | |
| \$20,018 | | | | | | | | | | | | | | | | | | |
| <u>\$6,789,350</u> | Acquisitions | | | | | | | | | | | | | | | | | |
| <u>\$7,000,000</u> | Professional Services (legal service contracts and expert witness contracts) | | | | | | | | | | | | | | | | | |
| | Total | | | | | | | | | | | | | | | | | |
| 04b- 141 | Justice | Attorney General | House amendment removes \$6 M SGF from the Department of Justice (DOJ), Office of Attorney General. Funds will be used to fund rural hospitals. | -\$6,000,000 | -\$6,000,000 | 0 | | | | | | | | | | | | |
| Major Reductions for Justice | | | | -\$6,000,000 | -\$13,000,000 | 0 | | | | | | | | | | | | |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|-------------------------------|------------------------|---|---------------------|---------------------|-------------|
| 04f - 160 | Agriculture & Forestry | Agriculture & Forestry | Reduces SGF department-wide in the following programs: Management & Finance (\$531,586), Agricultural & Environmental Sciences (\$814,168), Animal Health & Food Safety (\$613,830), and Agro-Consumer Sciences (\$60,000). The Soil & Water Conservation and Forestry programs received full restorations. | -\$2,019,584 | -\$2,019,584 | 0 |
| | | | This reduction will impact all services in Management & Finance, the Veterinary Health and Livestock Brand Commission within the Animal Health Program; IT upgrades and pest control services within the Agricultural & Environmental Sciences Program; and inspections of weighing, metering, measuring, scanning, and packaging devices within the Agro-Consumer Services Program. | -\$2,019,584 | -\$2,019,584 | 0 |
| | | | Major Reductions for Agriculture & Forestry | | | |
| 06 - 263 | Culture, Recreation & Tourism | State Museum | According to the Office of State Museums, the proposed reduction may result in a complete closure of one or more of the following facilities as: 1) Madame John's Legacy, New Orleans; 2) E.D. White Historic Site, Thibodaux; and 3) Wedell-Williams Aviation & Cypress Sawmill Museum, Patterson. | -\$266,353 | -\$266,353 | 0 |
| 06 - 264 | Culture, Recreation & Tourism | State Parks | The Office of State Parks indicates the agency will not be able to address the backlog of repair and maintenance projects for the aging system that includes almost 43,000 acres, 211 cabins, 26 group camps and lodges, 1,748 campsites, 54 rental pavilions, and other facilities totaling 1.2 million square feet and 110 miles of park maintained roads as a result of this reduction. <i>This reduction may also result in an indeterminable number of park closures.</i> According to the Office of State Parks, the proposed reduction may result in a complete closure of one or more of the following State Parks and/or Historic Sites: | -\$4,702,396 | -\$4,702,396 | 0 |
| | | | <u>State Parks:</u> Hodges Gardens, Lake Bistineau, St. Bernard, Chemin-A-Haut and Lake Bruin | | | |
| | | | <u>Historic Sites:</u> Rebel, Mansfield, Fort Jesup, Centenary, Marksville, Plaquemines and Winter Quarters | | | |
| 06 - 264 | Culture, Recreation & Tourism | State Parks | Non-recurs funding associated with deferred maintenance in State Parks. The agency has developed a 4-year Significant Statewide Infrastructure Upgrades & Renovation Needs Plan that totals \$92.5 M. This plan focuses on infrastructure repair and maintenance of systems, including sewer, roofs, roads, electrical, building replacement, flood control, sealing of building exteriors, HVAC systems, backflow prevention, and erosion correction. | -\$2,480,440 | -\$2,480,440 | 0 |
| 06 - 265 | Culture, Recreation & Tourism | Cultural Development | The Office of Cultural Development indicates the following impacts to the agency as a result of the reduction: 1) Potential elimination of the Poverty Point Station Archaeology Program. This may result in Poverty Point losing its World Heritage designation; 2) Potential elimination the Main Street community grants program; 3) Reduction in CODOFIL scholarships; and 4) Significant reduction in all statewide arts grants and decentralized arts grants to all 64 parishes. | -\$328,659 | -\$328,659 | 0 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---|-------------------------------|---------------------------|---|--------------|--------------|-------------|
| 06 - 267 | Culture, Recreation & Tourism | Tourism | Reduction in SGR authority to align with the REC projections. The expenditures will be reduced from marketing and advertising contracts promoting LA. | \$0 | -\$4,866,292 | 0 |
| Major Reductions for Culture, Recreation & Tourism | | | | | | |
| 08A- 400 | DPS/C Corrections Services | Administration | Reduces SGF associated with prisoner healthcare costs potentially offset by Medicaid expansion. Currently the DPSC Corrections Services maintains hospitalization contracts and service agreements with private hospitals to provide needed critical services to inmates. When an inmate is admitted to a hospital, the department generally pays a negotiated rate equal to the Medicaid rate for those services from 100% SGF monies. After expansion, Medicaid will reimburse provider charges for inmates that are admitted for hospitalization and retained for greater than 23 hours. The department estimates that the average cost of services for this population is currently approximately \$3.5 M. After Medicaid expansion, private hospitals will bill DHH for Medicaid reimbursement rather than billing Corrections Services for certain services. The increased cost of Medicaid expenses is built into the DHH Medicaid Vendor Payment model for FY 17. | -\$3,500,000 | -\$3,500,000 | 0 |
| 08A- 400 | DPS/C Corrections Services | Administration | DPSC Corrections Services reports that the proposed SGF reduction will create programmatic impacts for the department. For additional information see "Correction Services Reductions Impact" issue write-up. ³⁹ | -\$3,771,004 | -\$3,771,004 | 0 |
| 08A- 402 | DPS/C Corrections Services | LA State Penitentiary | DPSC Corrections Services reports that the proposed SGF reduction will create programmatic impacts for the department. For additional information see "Correction Services Reductions Impact" issue write-up. | -\$3,243,096 | -\$3,243,096 | 0 |
| 08A- 407 | DPS/C Corrections Services | Winn Correctional Center | DPSC Corrections Services reports that the proposed SGF reduction will create programmatic impacts for the department. For additional information see "Correction Services Reductions Impact" issue write-up. | -\$3,442,279 | -\$3,442,279 | 0 |
| 08A- 408 | DPS/C Corrections Services | Allen Correctional Center | DPSC Corrections Services reports that the proposed SGF reduction will create programmatic impacts for the department. For additional information see "Correction Services Reductions Impact" issue write-up. | -\$3,451,185 | -\$3,451,185 | 0 |
| 08A- 409 | DPS/C Corrections Services | Dixon Correctional Center | DPSC Corrections Services reports that the proposed SGF reduction will create programmatic impacts for the department. For additional information see "Correction Services Reductions Impact" issue write-up. | -\$1,121,681 | -\$1,121,681 | 0 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|-----------------------------|--------------------------------|--|----------------------|----------------------|-------------|
| 08A- 413 | DPSC Corrections Services | Elayn Hunt Correctional Center | DPSC Corrections Services reports that the proposed SGF reduction will create programmatic impacts for the department. For additional information see "Correction Services Reductions Impact" issue write-up. | -\$1,119,681 | -\$1,119,681 | 0 |
| 08A- 415 | DPSC Corrections Services | Adult Probation & Parole | DPSC Corrections Services reports that the proposed SGF reduction will create programmatic impacts for the department. For additional information see "Correction Services Reductions Impact" issue write-up. | -\$1,353,119 | -\$1,353,119 | 0 |
| | | | Major Reductions for DPSC Corrections Services | -\$21,002,045 | -\$21,002,045 | 0 |
| 08B- 419 | DPSC Public Safety Services | State Police | TRAFFIC - Reduction of monies from the statutorily dedicated Oil Spill Contingency Fund associated with litigation related to the Deepwater Horizon oil spill. Previously the LA Oil Spill Coordinator's Office (OSCO) was the lead agency for Deepwater Horizon related matters, but during FY 16 the Coastal Protection & Restoration Authority (CPRA) became the lead agency. | \$0 | -\$16,589,273 | 0 |
| 08B- 419 | DPSC Public Safety Services | State Police | Transfer of \$11.4 M in SGF to the Governor's Office of Homeland Security & Emergency Preparedness (GOHSEP) for the LA Wireless Information Network. The Dept. of Public Safety reports that they had \$1.4 M in SGF set aside for this purpose, and that it is presently does not have the additional \$10 M built into its budget for the remainder of this transfer. However, due to approximately \$7.5 M in additional SGR being recognized by the Revenue Estimating Conference at the meeting on May 12th, 2016, DPS reports that the true impact of this transfer is approximately \$2.5 M. The department reports that they are presently evaluating the affects of this transfer at this time. | -\$11,400,000 | -\$11,400,000 | 0 |
| | | | Major Reductions for DPSC Public Safety Services | -\$11,400,000 | -\$27,989,273 | 0 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|---------------------|---|---|---------------|---------------|-------------|
| 08 - 403 | DPSC Youth Services | Juvenile Justice | The Office of Juvenile Justice (OJJ) will allocate the reductions as follows: | | | |
| | | | Reduce Secure Care (Facilities) by \$16.1 M - <u>Acadiana Center for Youth</u> will not open as planned in August 2016 (\$14.2 M); <u>Bridge City Center for Youth</u> will reduce the number of youth served by 24, leaving a maximum facility capacity of 108. This will require the closure of one dorm and the elimination of approximately 14 vacant positions (\$0.9 M); and <u>Swanson Center for Youth</u> will reduce the number of youth served by 24, leaving a maximum facility capacity of 120. This will require the closure of one dorm and the elimination of approximately 14 vacant positions (\$0.9 M). | -\$19,364,740 | -\$19,364,740 | 0 |
| | | | Reduce Probation & Parole by \$1.9 M - OJJ reports it will close one office and eliminate funding for 28 vacant Probation & Parole positions in all 3 regions. | | | |
| | | | Central Office Staff Reduction by \$0.1 M - The Central Office will eliminate funding for 2 unspecified positions. | | | |
| | | | Major Reductions for DPSC Youth Services | | | |
| | | | | -\$19,364,740 | -\$19,364,740 | 0 |
| 41 09 - 300 | Health & Hospitals | Jefferson Parish Human Services Authority | Reduces SGF for Jefferson Parish Human Services Authority compared to FY 16 Existing Operating Budget. The LFO has requested information regarding the impact to services. | -\$136,195 | -\$136,195 | 0 |
| 09 - 302 | Health & Hospitals | Capital Area Human Services District | Reduces SGF for Capital Area Human Services District compared to FY 16 Existing Operating Budget. The LFO has requested information regarding the impact to services. | -\$466,394 | -\$466,394 | 0 |
| 09 - 303 | Health & Hospitals | Developmental Disabilities Council | Decreases funding for contracts with the 9 regional Families Helping Families resource centers, one of the major initiatives of the LA Developmental Disabilities Council (LADDC). The resource centers provide information on services, goods, technologies, and activities that improve the quality of life to people with developmental disabilities; and help individuals with developmental disabilities understand their rights and how to advocate for themselves. In FY 17, contracts with the 9 regional Families Helping Families totals \$323,325 that represents a decrease of \$172,114 from FY 16. | -\$172,114 | -\$172,114 | 0 |
| | | | FY 14 - \$328,961 (\$36,551 per resource center) FY 15 - \$499,036 (\$55,448 per resource center) FY 16 - \$495,439 (\$55,049 per resource center) FY 17 - \$323,325 (\$35,925 per resource center) | | | |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|--------------------|--|--|----------------|----------------|-------------|
| 09 - 304 | Health & Hospitals | Metropolitan Human Services District | Reduces SGF for Metropolitan Human Services District compared to FY 16 Existing Operating Budget. The LFO has requested information regarding the impact to services. | -\$879,452 | -\$879,452 | 0 |
| 09 - 306 | Health & Hospitals | Medical Vendor Payments | Decreases Disproportionate Share Hospital (DSH) funding to the Public Private Partnership Hospitals. The source of federal funds (\$302,907,905) is Title 19 federal financial participation. The reduction is the result of projected uncompensated care cost savings related to the expansion of Medicaid to certain individuals up to 138% of the federal poverty level, and the refinancing of DSH payments to supplemental medicaid payments. | -\$183,460,714 | -\$486,368,619 | 0 |
| 09 - 310 | Health & Hospitals | Northeast Delta Human Services Authority | Reduces SGF for Northeast Delta Human Services Authority compared to FY 16 Existing Operating Budget. The LFO has requested information regarding the impact to services. | -\$216,785 | -\$216,785 | 0 |
| 09 - 320 | Health & Hospitals | Aging & Adult Services | The Office of Aging & Adult Services has identified the impact of the reductions in a preliminary plan as follows: eliminating the State Personal Assistance Services (SPAS) program (\$476,011) that serves 45 individuals and eliminating Traumatic Head & Spinal Cord Injury (TH/SCI) program (\$1.25 M) that serves 702 individuals and has a waiting list of 275 individuals, eliminating 36 positions (\$2,305,927) and operating services associated with those positions (\$22,286). | -\$4,054,224 | -\$4,054,224 | 0 |
| 09 - 320 | Health & Hospitals | Aging & Adult Services | Decreases IAT funding from the DOA Office of Community Development Block Grant (CDBG) in the Administration Protection & Support Program for the Permanent Supportive Housing (PSH) Program. The PSH Program links affordable rental housing to people with severe and complex disabilities, enabling them to live successfully in the community. DHH consolidated the PSH programs and transitioned eligible recipients in the PSH Program from CDBG to funding under Medicaid 1915(c) waivers and 1915(i) programs, which is a more sustainable funding source. In FY 17, total funding for PSH is \$3,746,792. Since PSH is an "as needed" program, OAAS will serve individuals until all funds are expended. Presently, OAAS is serving 4,116 individuals. OAAS anticipates serving less individuals in FY 17. | \$0 | -\$4,194,708 | 0 |
| 09 - 324 | Health & Hospitals | LA Emergency Response Network Board | Non-recur one-time funding from the statutorily dedicated LA Emergency Response Network (LERN) Fund for the development of Level III and Level IV Trauma Centers. In 2004, a statewide trauma system was established. The statewide trauma system is voluntary and all hospitals are invited to participate. The LERN Fund was created during the 2010 Legislative Session and one of the purposes of the fund was to assist hospitals in becoming certified trauma centers. The source of the statutorily dedicated funds was SGF revenue appropriated in Act 121 (Funds Bill). In FY 17, the balance of the fund is \$0. | \$0 | -\$190,000 | 0 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| Sch. # | Dept. | Agency | SGF | Total | T.O. |
|--|----------------------------|--------------------------------------|--|------------|---------------------|
| Explanation | | | | | |
| 9 - 340 | Health & Hospitals | OCDD | Eliminates state funding to the LA Assistive Technology Access Network (LATAN), a nongovernment organization. This reduction eliminates all state funding in FY 16. LATAN provides assistive devices, technology, and aids which enable individuals with disabilities and older persons achieve independence in employment, school, and community living as well as perform the daily activities of life such as getting out of bed, going to work or school, reading or communicating. For example, people who are blind may use software that reads text on the screen in a computer-generated voice, people with low vision may use software that enlarges screen content, people who are deaf may use a TTY (text telephone), or people with speech impairments may use a device that speaks out loud as they enter text via a keyboard. | -\$250,000 | -\$250,000 0 |
| 9 - 376 | Health & Hospitals | Central LA Human Services LFO | Reduces SGF for Central LA Human Services District compared to FY 16 Existing Operating Budget. The LFO has requested information regarding the impact to services. | -\$451,458 | -\$451,458 0 |
| 9 - 377 | Health & Hospitals | Northwest LA Human Services District | Reduces SGF for Northwest LA Human Services District compared to FY 16 Existing Operating Budget. The LFO has requested information regarding the impact to services. | -\$523,305 | -\$523,305 0 |
| Major Reductions for Health & Hospitals | | | | | |
| 0 - 360 | Children & Family Services | Children & Family Services | Decreases Federal Child Care & Development Fund (CCDF) block grant funding. Act 868 of 2014 transferred the CCDF Lead Agency Status from DCSF to DOE effective 7/1/2015. The reduction removes excess Federal budget authority. No services are impacted. | \$0 | -\$29,076,625 0 |
| Major Reductions for Children & Family Services | | | | | |
| | | | | | \$0 -\$29,076,625 0 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| Sch. # | Dept. | Agency | Explanation | SGF | Total | T.O. |
|---|-----------------------|-----------------------|--|---------------------|---------------------|-------------|
| 11 - 431 | Natural Resources | Office of Secretary | Reduces IAT budget authority to properly reflect anticipated expenditures in FY 17. Activities currently completed by the Office of the Secretary will now be completed within other agencies beginning in the new fiscal year. | \$0 | -\$2,514,969 | 0 |
| 11 - 432 | Natural Resources | Conservation | DNR reports the proposed reduction in SGF expenditure authority will result in a direct impact on program activities and the elimination of funding for approximately 4 authorized positions and up to 4 unfilled vacant positions. The elimination of funding for the positions will impact activities related to ground water inspection, commercial waste, exploration and production waste, underground injection control, inspection and enforcement, and production audit. | -\$500,000 | -\$500,000 | 0 |
| 11 - 434 | Natural Resources | Mineral Resources | DNR reports that the proposed reduction of SGF, coupled with declining revenues in statutory dedications related to oil and gas drilling and exploration, will result in the necessity to eliminate funding for approximately 2 employees and 7 unfilled vacant positions out of 61 authorized positions. The department reports impacts on its ability to oversee and administer royalty collection and audit functions, lease management, geological and engineering review, and seismic permitting. | -\$1,077,000 | -\$1,077,000 | 0 |
| Major Reductions for Natural Resources | | | | -\$1,577,000 | -\$4,091,969 | 0 |
| 13 - 856 | Environmental Quality | Environmental Quality | SFC amendment eliminates all funding for the LA Rural Water Association. The funding provides for specialized training and technical assistance to small water and/or wastewater systems to help reduce energy consumption and increase operational efficiencies. | -\$437,665 | -\$437,665 | 0 |
| Major Reductions for Environmental Quality | | | | -\$437,665 | -\$437,665 | 0 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| Sch. # | Dept. | Agency | Explanation | SGF | Total | T.O. |
|---------------|----------------------|------------------------------|---|---------------|---------------------|-------------|
| 14 - 474 | Workforce Commission | Workforce Support & Training | Decreases funding from the statutorily dedicated Incumbent Worker Training Account in accordance with revenue projections. Funds in the Incumbent Worker Training Account are used for customized training, small business employee training, and pre-employment training for businesses operating in LA that incur a state unemployment insurance tax liability. The total funding recommended for FY 17 is \$25,379,731. | \$0 | -\$1,336,235 | 0 |
| | | | Major Reductions for Workforce Commission | \$0 | -\$1,336,235 | 0 |
| 19A- 600 | Higher Education | LSU System | Eliminates funding for Special Legislative Projects (SLP) for the following institutions and expenditures: LSU HSC - New Orleans (\$0.5 M for an additional building payment for the LA Cancer Research Consortium and \$2.5 M for buildings maintenance, utilities and related benefits). | -\$33,877,026 | -\$33,877,026 | 0 |
| | | | LSU HSC - Shreveport (\$12.2 M for personnel expenses; \$2.8 M for IAT expenditures such as auditor fees and risk management; \$12.4 M for operating services including rent, utilities and maintenance; and \$3.5 M for medical programs such as the rural health program, poison control, kidney care and area health education centers). | | | |
| 45 | 19A- 615 | Higher Education | Eliminates funding for Special Legislative Projects (SLP) for the following institutions and expenditures: SU Baton Rouge (\$4 M for operating expenses), SU Shreveport (\$0.2 M for operating expenses), and SU Board of Supervisors (\$0.3 M for the construction of the SU Information Center). | -\$4,471,887 | -\$4,471,887 | 0 |
| 19A- 620 | Higher Education | UL System | Eliminates \$2 M for Special Legislative Projects (SLP) for Grambling State University. The SGF was used for Science, Technology, Engineering & Math (STEM) initiatives. The university enhanced program offerings in chemistry, biology, math and computer science (\$787,505). The remaining \$1.2 M was spent on faculty development and hiring/retaining faculty and staff. | -\$1,987,505 | -\$1,987,505 | 0 |
| 19A- 661 | Higher Education | Student Financial Assistance | SFC amendment reduces \$83.7 M SGF from the Taylor Opportunity Program for Students (TOPS). As a result of this reduction, TOPS is funded at 48% of the total program cost of \$297.1 M. Per SB 470 which is enrolled and awaiting the Governor's signature, all awards will be equitably reduced in the event insufficient funding is provided. Under the proposed legislation, the average award amount would decrease from \$5,718 to \$2,733 (48% of fully funded award amount), a decrease of \$2,986 per award per student. | -\$83,659,300 | -\$83,659,300 | 0 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> | | | | | | | | | | | | | | | | | | |
|------------------|-------------------------------|-------------------|--|------------------|-------------------------------|-------------------|-----|----------|-----------|--------|---------|-----------|--------------|----------|-----------|--------------|-----------|------------|-------|------------------|-------------------|-----|---------------|---|
| 19A- 671 | Higher Education | Board of Regents | Funding for Higher Education (excluding TOPS) is reduced \$94.7 M compared to the FY 16 Existing Operating Budget (EOB) amount of \$799.8 M SGF. The EOB amount was reduced by \$228.9 M SGF in the Executive Budget. Through House amendments \$134.1 M SGF was restored for a net decrease of approximately \$94.8 M. The allocation is as follows: | -\$94,772,789 | -\$94,772,789 | 0 | | | | | | | | | | | | | | | | | | |
| | | | <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 30%;">FY 16 EOB</th> <th style="text-align: left; width: 30%;">HB 1 Reengrossed w/SFC</th> <th style="text-align: left; width: 30%;">Difference</th> </tr> </thead> <tbody> <tr> <td>BOR</td> <td>\$13.0 M</td> <td>(\$2.2 M)</td> </tr> <tr> <td>LUMCON</td> <td>\$2.3 M</td> <td>(\$0.2 M)</td> </tr> <tr> <td>OSFA (Admin)</td> <td>\$33.1 M</td> <td>(\$0.5 M)</td> </tr> <tr> <td>Mgmt. Boards</td> <td>\$749.2 M</td> <td>(\$91.9 M)</td> </tr> <tr> <td>Total</td> <td><u>\$799.8 M</u></td> <td><u>(\$94.8 M)</u></td> </tr> </tbody> </table> | FY 16 EOB | HB 1 Reengrossed w/SFC | Difference | BOR | \$13.0 M | (\$2.2 M) | LUMCON | \$2.3 M | (\$0.2 M) | OSFA (Admin) | \$33.1 M | (\$0.5 M) | Mgmt. Boards | \$749.2 M | (\$91.9 M) | Total | <u>\$799.8 M</u> | <u>(\$94.8 M)</u> | \$0 | -\$13,439,874 | 0 |
| FY 16 EOB | HB 1 Reengrossed w/SFC | Difference | | | | | | | | | | | | | | | | | | | | | | |
| BOR | \$13.0 M | (\$2.2 M) | | | | | | | | | | | | | | | | | | | | | | |
| LUMCON | \$2.3 M | (\$0.2 M) | | | | | | | | | | | | | | | | | | | | | | |
| OSFA (Admin) | \$33.1 M | (\$0.5 M) | | | | | | | | | | | | | | | | | | | | | | |
| Mgmt. Boards | \$749.2 M | (\$91.9 M) | | | | | | | | | | | | | | | | | | | | | | |
| Total | <u>\$799.8 M</u> | <u>(\$94.8 M)</u> | | | | | | | | | | | | | | | | | | | | | | |

Note: The funding distribution for each board will not be known until the Board of Regents runs the final appropriated amount through the formula.

| | | | | | | |
|----------|------------------|------------------|---|-----------------------|-----------------------|----------|
| 19A- 671 | Higher Education | Board of Regents | <p>SFC amendment reduced \$13.4 M in excess IAT authority from the Office of Community Development to the Board of Regents for the Workforce and Innovation for a Stronger Economy (WISE) Initiative. The purposes of the WISE initiative are to increase degree and certificate production in high demand fields and encourage research and innovation to meet the state's future workforce and innovation needs. In FY 16, WISE was funded with \$24.3 M (\$12.15 M FY 15 + \$12.15 M FY 16) in Community Block Development Grant (CDBG) funds. CDBG funds for WISE can only be used for "economic revitalization" projects in 53 parishes affected by hurricanes Gustav and Ike and must be targeted towards low and moderate-income individuals. The FY 16 appropriation of \$12.15 M would become available once \$6 M is expended. Since \$6 M of the original \$12.15 M amount has not been expended, the additional \$12.15 M will not be available. As a result of this reduction of \$13.4 M, WISE will have \$10.9 M in available funds for FY 17.</p> | | | |
| | | | Major Reductions for Higher Education | -\$218,768,507 | -\$232,208,381 | 0 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> | |
|---|-------------------------|---|--|---------------------|-------------|---|
| <u>Explanation</u> | | | | | | |
| 19B- 653 | Special Schools & Comm. | LA Schools for the Deaf & Visually Impaired | Reduces funding for personnel services (\$343,368) associated with 6 positions and operating expenses (\$215,000). The positions have not been identified but will be determined based on student enrollment and employee retirements. The positions have not been retained in the event additional revenues become available. Reduction in operating services is related to long term lease payments which have now been paid in full. Funds could otherwise have been used for maintenance and repairs which has no funding in FY 17. Reductions to travel expenditures are related to out of state employee travel only and are not expected to impact student travel for athletics and other activities. | -\$558,368 | -\$558,368 | 0 |
| 19B- 657 | Special Schools & Comm. | LA School for Math, Science & the Arts | Reduces funding for personnel services associated with the following positions: Technical Theater Instructor, Visual Arts Instructor, Coordinator of Female Residential Life, Admissions Counselor, and IT Manager. The positions have not been eliminated and will be retained so that they may be filled in the event additional revenues become available. | -\$265,335 | -\$265,335 | 0 |
| 19B- 662 | Special Schools & Comm. | LA Educational Television Authority | Reduces funding for personnel services associated with four vacant positions. The positions have not been eliminated but will be retained in the event additional revenues become available. | -\$282,605 | -\$282,605 | 0 |
| 19B- 666 | Special Schools & Comm. | Board of Elementary & Secondary Education | Reduces funding for BESE which provides administrative support and administers the 8g funds which are distributed to local school districts; eliminates funding for one vacant position. | -\$60,908 | -\$60,908 | 0 |
| 19B- 673 | Special Schools & Comm. | Creative Arts | Reduces funding for operating expenses as follows: renegotiated lease for classroom space (\$169,478), IT contract savings (\$36,000), piano tuning (\$8,000), supplies for the culinary program (\$20,000), and deferred maintenance (\$60,000). If the full amount of the reduction is not realized through these initiatives, there may be a small across the board salary reduction for all faculty and staff. | -\$293,479 | -\$293,479 | 0 |
| Major Reductions for Special Schools & Comm. | | | | | | |
| | | | -\$1,460,695 | -\$1,460,695 | 0 | |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|--------------|----------------------------------|---|---------------|---------------|-------------|
| 19 - 678 | Education | State Activities | Reduces funding for personnel services associated with 2 positions in Administration (\$510,332) and 9 positions in District Support (\$1,755,417). The positions which will not be funded have not been identified by the department. Support Services and Field Service will be reduced; contracts not associated with the Assessment and Accountability Program will be reduced or eliminated; and funding for travel and supplies will be reduced. However, the department has not identified the allocation of these reductions at this time. | -\$2,265,749 | -\$2,265,749 | 0 |
| 19 - 681 | Education | Subgrantee Assistance | Reduces funding for the following activities: The Student Scholarships for Educational Excellence Program (SSEEP) (vouchers) (\$5,972,494) provides tuition payments for selected students attending participating non-public schools. FY 16 funding is \$42 M. A total of 7,110 students are enrolled in the 1st quarter for an annualized cost of \$41.7 M. Reductions would result in students returning to a public school increasing MFP costs. However, there would likely be a savings to the state since DOE is paying higher tuition for a significant portion of the voucher students than it would pay to the local school district under the MFP formula. It is estimated that the state will pay \$8.3 M more to the voucher schools than it would have paid through the MFP in the current year. The DOE has indicated it will reduce the tuition amount paid in order to retain the existing number of slots available. However, given the annual attrition rate of 20% (the number of students who leave the program each year) combined with the fact that 32 (26%) of the participating schools will not be accepting new students in the 2016-2017 school year, it is very possible that the number of participants in the program will remain sufficiently low enough to maintain the seats for remaining students at the current tuition rate. That information will not be available until the DOE has completed the application and enrollment process. The Extended School Year Program (ESYP) (\$3 M) is the provision of special education and related services to students with disabilities in accordance with an Individualized Education Program (IEP) beyond the normal school year of the LEA and at no cost to the parents of the student established pursuant to the Laura I. Consent Decree. DOE has determined that state funding was not mandated and that the services will continue to be provided by the local school districts. Professional Improvement Program (PIP) (\$425 K) associated with a decline in the number of participants. | -\$9,397,494 | -\$9,397,494 | 0 |
| 19 - 682 | Education | Recovery School District (RSD) | Reduces SGF for payment of risk management premiums and legislative auditor fees which will be funded with SGR from Charter School administrative fees. | -\$781,646 | -\$781,646 | 0 |
| 19 - 695 | Education | Minimum Foundation Program (MFP) | Reduces the FY 16 funding which was included in a supplemental appropriation outside of the formula: a 1.375% inflation adjustment (\$36.2 M); an increase for the Supplemental Course Allocation (\$2.6 M); and an increase for the High Cost Services Allocation (\$5.4 M). HR 231 of 2015 urged and requested BESE to incorporate the supplemental funding into the FY 17 resolution. As such, the proposed MFP for FY 17 approved by BESE on March 4th incorporated this adjustment into the formula. This represented standstill funding for the MFP. However, in light of the state's fiscal status the MFP resolution (SCR 44) was rejected by the Senate Education Committee. Pursuant to the Constitution, the MFP will be funded in accordance with the last approved resolution (SCR 55 of 2014); accordingly, the proposed budget reduces this supplemental MFP funding of \$44.2 M. | -\$44,224,446 | -\$44,224,446 | 0 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| <u>Sch. #</u> | <u>Dept.</u> | <u>Agency</u> | <u>Explanation</u> | <u>SGF</u> | <u>Total</u> | <u>T.O.</u> |
|---------------|-----------------------------------|---------------------------------|--|----------------------|----------------------|-------------|
| 19 - 697 | Education | Non-public Education Assistance | Reduces \$7.9 M in reimbursements to non public schools for required administrative, clerical, data management and reporting services performed by over 300 schools (FY 16 budget is \$15.2 M), and eliminates all funding for cash supplements for non public school lunchroom employees (\$7.9 M). | -\$15,805,928 | -\$15,805,928 | 0 |
| 19 - 699 | Education | Special School Districts | Reduces funding for 22 positions (14 filled and 8 vacant). The positions include 12 educator, para educator, and instructional coach positions, as well as 2 administrative positions; also reduces funding for travel. The DOE has not provided information on the impact of these reductions. | -\$1,411,368 | -\$1,411,368 | 0 |
| | | | SSD provides special education and related services to approximately 500 children with exceptionalities enrolled in state operated programs (Office of Children with Developmental Disabilities, Office of Behavioral Health, Dept. of Corrections and the Office of Juvenile Justice). | | | |
| | | | Major Reductions for Education | -\$73,886,631 | -\$73,886,631 | 0 |
| 19E- 610 | LSU Health Care Services Division | LSU HSC-HCSD | Reduction in SGF to HCSD. HCSD has stated it will not reduce Lallie Kemp's base funding used for non-legacy operations of \$3.8 M (SGF) and will apply this reduction to the available SGF for legacy costs. However, these legacy costs are mandatory expenditures that will require HCSD to find available funds from other sources. HCSD has stated it will use the revenues generated from their contract with the private partners for administrative services, but any changes to these contracts may result in cuts to their operation. For additional information see "LSU Health Care Services Division Legacy Costs" issue write-up. | -\$2,316,285 | -\$2,316,285 | 0 |
| | | | Major Reductions for LSU Health Care Services Division | -\$2,316,285 | -\$2,316,285 | 0 |

Major Reductions in the FY 17 Budget Compared to the FY 16 Budget

| Sch. # | Dept. | Agency | Explanation | SGF | Total | T.O. |
|--|--------------------|--|--|-----------------------|-------------------------|-------------|
| 20 - 451 | Other Requirements | Local Housing of State Adult Offenders | DPSC Corrections Services reports that the proposed SGF reduction will create programmatic impacts for the department. For additional information see "Correction Services Reductions Impact" issue write-up. | -\$15,325,000 | -\$15,325,000 | 0 |
| 20 - 932 | Other Requirements | 2% Fire Insurance Fund | Reduces appropriation from Statutory Dedications - 2% Fire Insurance Fund to match available revenues as projected by the REC on 2/10/1206. These funds are passed through to local governmental entities to aid in fire protection. | \$0 | -\$6,626,198 | 0 |
| 20 - 945 | Other Requirements | State Aid to Local Govt. Entities | Adjust various statutory dedication allocations to reflect revenues as adopted by the REC on 2/10/2016. The funds impacted are as follows: (\$21,983) Calcasieu Parish Fund, (\$33,353) St. Landry Parish Excellence Fund, (\$220) Greater New Orleans Sports Foundation Fund, \$169 Algiers Economic Development Fund, \$200,629 N.O. Urban Tourism & Hospitality Training Fund, (\$201,381) Beautification Projects for N.O. Neighborhood Fund, (\$824) Friends of NORD Fund, (\$27,348) Bossier Parish Truancy Fund, (\$339,912) Beautification/Improvement N.O. City Park Fund, (\$3,400,000) Casino Support Services Fund, and (\$2) Rehabilitation for the Blind/Visually Impaired Fund. | \$0 | -\$3,824,225 | 0 |
| Major Reductions for Other Requirements | | | | | | |
| Major Reductions of FY 2017 | | | | | | |
| | | | | -\$15,325,000 | -\$25,775,423 | 0 |
| | | | | -\$583,752,414 | -\$1,110,780,151 | 0 |

FY 17 Major Budget Issues

DEPT/AGY: Executive / LA Public Defender Board (LPDB)

ISSUE: Restoration of LA Public Defender Board Funding in HB 1

The LPDB has received a full restoration of funds reduced in HB 1 Original as a result of increased SGF revenues raised during the First Extraordinary Session of 2016. The restoration increases the LPDB's budget by approximately \$20.97 M, from \$12.84 M to \$33.81 M. A majority of this restoration (\$20.31 M) is derived from the statutorily dedicated LA Public Defender Fund, which receives revenues via direct SGF deposits, raising the fund's balance from \$12.33 M to \$32.64 M. The LA Public Defender Fund primarily provides monies for the LPDB's annual operating expenses.

In discussions with LPDB staff, the board has indicated that between 62.5% and 65% of the LA Public Defender Fund, or between \$20.4 M and \$21.22 M, will be disbursed to the 42 district defender offices. This allocation would represent a disbursement of approximately \$485,700 to \$505,200 being sent to the district defender offices on average. The board indicates that this allocation to the district offices is greater than in past years, and is an effort to restore full services in district defender offices that have enacted restriction of services (ROS) plans in the current fiscal year.

Furthermore, the board indicates that the remainder of the funds would be allocated for the board's statewide programs and administrative costs. The LPDB has reported that it intends to reduce its administrative expenses by approximately \$600,000, from \$2.6 M to \$2 M, resulting in a balance between \$9.42 and \$10.24 M to fund statewide programs. Presently, the LPDB carries out statewide indigent capital defense services, statewide indigent appellate services associated with non-capital cases, and juvenile delinquency representation services in Orleans Parish.

DEPT/AGY: Culture, Recreation & Tourism (CRT)

ISSUE: LA Tourism Promotion District (LTPD)

Historical Pass-throughs

Act 1038 of 1990 created the LTPD as a special statewide taxing district and political subdivision of the state which levies three one hundredths of 1 cent of the sales and use tax for the purpose of assisting the state for out-of-state advertising and promoting tourism in LA. Historically this fund generates approximately \$20 M in revenue for CRT annually. The following pass-throughs were funded within CRT's base budget during FY 16:

| | |
|--|------------------|
| Audubon Golf Trail | \$93,000 |
| Scenic Byways and the Atchafalaya National Heritage Area | \$265,110 |
| Total | \$358,110 |

Additionally, funding for the following initiatives were part of the department's base budget during FY 16 and were transferred to other agencies within the department via IAT, the Lieutenant Governor and LTPD Direct:

| | |
|--|--------------------|
| Lt. Governor, Administrative – ENCORE! (Retire LA) | \$329,083 |
| Lt. Governor, Grants – Volunteer LA | \$50,000 |
| Office of Secretary (Administrative Program) | \$1,000 |
| Office of the Secretary (Operating Costs & OMF) | \$995,186 |
| Office of the State Library (Book Festival) | \$25,000 |
| Office of the State Library (Operating Cost) | \$405,363 |
| Office of State Museum (LA Sports Hall of Fame Museum) | \$552,786 |
| Office of State Museum (Operating Cost) | \$670,763 |
| Office of State Parks (Kent House) | \$56,683 |
| Office of Cultural Development (Arts Grants) | \$1,500,000 |
| Office of Cultural Development (Cultural Economy Initiative) | \$254,500 |
| Office of Cultural Development (Operating Cost) | \$190,442 |
| Total | \$5,030,806 |

Total Pass-throughs and Programs **\$5,388,916**

Note: The Lieutenant Governor and CRT indicate changing expenditure priorities may impact decisions to fund these in the same manner or amounts as previous years. The department indicates funding of these pass-throughs will be at the discretion of the Lieutenant Governor and the Secretary of the CRT.

DEPT/AGY: Transportation & Development (DOTD)

ISSUE: DOTD State Transportation Funding

State Gas Tax: The 16-cent per gallon state gasoline and special fuels (gas) tax is a flat, non-indexed tax. The state gas tax has a current day buying power of approximately 7 cents.

FY 17 Major Budget Issues

Historically, gas tax revenues have grown approximately 2.5% per year since 1992 but the rate has slowed substantially over the past decade. Construction and operating inflation substantially exceed the growth rate of the gas tax. (**Note:** The rate was increased from 8 cents to 16 cents in 1984.)

In 1984 the average price per gallon was \$0.94 and individuals paid approximately 17% per gallon for road infrastructure with the 16-cent state gas tax. The average price per gallon for regular gasoline in LA as of 2/26/2016 was \$1.56. Due to the tax being flat, and not indexed to inflation, the current tax equates to individuals paying approximately 10.3% per gallon for road infrastructure (an increase of approximately 3% over the year as gasoline prices have fallen).

Federal Highway Trust Fund (Federal Gas Tax): The federal program is funded by the Fixing America's Surface Transportation Act (FAST Act). FAST Act is the first federal law in over 10 years to provide long-term funding certainty for surface transportation, authorizing monies over fiscal years 2016 through 2020 for the Department's highway, highway and motor vehicle safety, public transportation, motor carrier safety, hazardous materials safety, rail, research, technology and statistics programs. The federal Highway Trust Fund (HTF) is funded with an 18.4-cent per gallon federal gasoline tax and 24.4-cent per gallon federal diesel tax. Like the state gas tax, it has lost ground to inflation since its last increase in 1993.

TIMED Program Bond Debt Service Payments - \$143.2 M for FY 17: The TIMED Program was established by Act 16 of the 1989 1st Extraordinary Session and designated 16 specific road/bridge projects. The original plan called for a designated funding stream in the form of a 4-cent per gallon gas tax on top of the existing 16-cent per gallon state gas tax, providing for a pay-as-you-go construction program. By utilizing a pay-as-you-go-program, the projected completion date for the program was 2031. In 2002, the DOTD set out to accelerate the program by bonding the remainder of the program in an effort to complete construction of all projects around FY 13. Due to rising construction costs and inaccurate cost estimates at the outset of the program, the program will only have sufficient funding to complete 14 of the original 16 road and bridge projects. 13 of the 14 funded projects are now complete. The 14th project, a final segment-widening on US 165 (Fort Buhlow Bridge), is 96% complete.

The projected FY 16 4-cent per gallon gas tax collections for the TIMED Program are not sufficient to cover the debt service payments of the 13 completed projects and the 1 currently under construction. Approximately \$18.4 M of the 16-cent per gallon gas tax revenues will be needed to pay TIMED Program debt service payments in FY 16, the 7th consecutive year in which the state gas tax will be used to make the TIMED debt service schedule whole.

The portion of the 16-cent gas tax necessary in future years to fund TIMED debt service payments will continue escalating. Based upon estimates by DOTD, the department will use approximately 2.1 cents of the 16-cent per gallon state gas tax at its peak usage in FY 43, which equates to \$77.9 M, or approximately 15.6% of the current 16-cent per gallon tax receipts. The growing use of TTF - Regular funds to pay TIMED debt service may impact DOTD's ability to match federal transportation funds (generally required at 10-20%) in the capital outlay budget and will result in decreased funds available for the department's operating budget. Currently, the total projected TIMED Program costs are \$5.24 B (includes LA 3241 and Florida Avenue Bridge projects), while total revenues for the program will be \$4.65 B by the pay-off date of the debt in FY 45. DOTD is in the process of determining the best financing mechanism for completing the final 2 constitutionally required road/bridge projects.

DEPT/AGY: Public Safety & Corrections (DPSC)/Corrections Services
ISSUE: Reductions Impact

DPSC Corrections Services reports that the department remains underfunded by \$18.8 M. The potential shortfall is in large part due to unfunded supplemental needs identified by DPSC of \$14.5 M in FY 16 that will impact FY 17 operations. **Note:** To resolve the FY 16 supplemental needs, DPSC moved monies between budget units in the Supplemental Appropriations Bill (HB 1047) to cover these expenditures utilizing existing resources. The department presents the plan detailed below to address the projected shortfall.

- **Per Diem Reduction at Winn and Allen Correctional Centers from \$31.95 to \$22.39 (\$9 M).**
- **Equipment Purchases (\$4.6 M)** - This funding provides for deferred maintenance. The agency has not been funded for acquisitions and major repairs over the last 7 years. Table 1 on the next page provides the savings allocated by institution/program.

FY 17 Major Budget Issues

Table 1

| Agency Name | FY 17 |
|-------------------------------------|--------------------|
| LA State Penitentiary | \$672,135 |
| Avoyelles Correctional Center | \$711,294 |
| LA Correctional Institute for Women | \$572,745 |
| Dixon Correctional Institute | \$603,600 |
| Hunt Correctional Center | \$654,276 |
| David Wade Correctional Center | \$179,220 |
| Rayburn Correctional Center | \$630,635 |
| Adult Probation & Parole | \$607,650 |
| Total | \$4,631,555 |

- **Pharmaceutical Supplies (\$2.9 M)** - The department has experienced increased demand as well as an increased cost for specialty drugs, specifically cancer and hepatitis. The current level of funding is \$5.1 M.
- **Utility Rate Increase Funding (\$1.1 M)** - Funding that provided for the utility rate increase is eliminated. The department projects an increased use in technology (electronic monitoring/technical security) for equipment (includes shaker fencing, cameras and lighting).
- **Human Capital Management (\$1 M)** - Funding to provide for a statewide adjustment. Human Capital Management is the current human resources entity for the department and cabinet agencies.
- **Dialysis Contract – Total Savings (\$0.3 M)** - An offender dialysis program operated at one of the state institutions has experienced an increase in the number of offenders requiring dialysis. This funding increase is eliminated.

Local Housing of Adult Offenders (LHOA)

DPSC – Corrections reports that the current funding recommendation for the LHOA in HB 1 will result in an estimated FY 17 funding shortfall of \$15.3 M SGF. The impact of this shortfall will result in the following:

- **Closure of All Reentry Centers (\$5.9 M)**
- **Per Diem Reduction (\$9.4 M)** – DPSC Corrections proposes per diem reductions as follows: reduction from \$24.39 to \$22.39 for local housing of adult state offenders, and from \$12.39 to \$8.25 for Transitional Work Programs.

DEPT/AGY: Health & Hospitals (DHH)/Medical Vendor Payments (MVP)
ISSUE: Medicaid Disallowance – Hospital Partner Advanced Lease Payments

LA Medicaid received a letter from Centers for Medicare & Medicaid (CMS) on 12/23/2014 indicating a disallowance in the amount of \$311,576,411 as a result of non-allowable provider related donations related to advanced lease payments. The federal portion reimbursed by the federal government to LA Medicaid tied to this disallowance total (\$311.5 M) is \$189,999,295, and represents the amount the state is responsible to re-pay the federal government. The letter indicates that the disallowance is “related to the cooperative endeavor agreements (CEA’s) that required substantial advanced lease payments by the participating hospitals that were linked to increased Medicaid payments to the same privately owned hospitals.” There are certain restrictions related to provider related donations from private entities that are then used as a state match source for the purposes of federal match. CMS determined that increased Medicaid payments to partner hospitals were conditioned on the advanced lease payments, and considered a non bona fide provider related donation. CMS further indicates these advanced lease payments were not a usual or customary industry payment arrangement. **Note:** The letter indicates that base lease payments built into the CEA’s appear to comport with normal business practice (are not a component of the disallowance).

Note: Information provided by the DHH indicates the state filed an appeal in February of 2015 to the federal Departmental Appeals Board, and awaits a final administrative appeals decision. The estimated timeline for such decision is not indicated. DHH indicates CMS has requested multiple extensions to respond to the department’s appeal. DHH’s further action and level of state liability will ultimately depend on CMS’s formal response, or negotiations to settle the case.

FY 17 Major Budget Issues

DEPT/AGY: Health & Hospitals (DHH)/Medical Vendors Payments (MVP)
ISSUE: Medicaid Outlook

The FY 17 Medicaid budget contains approximately \$34.5 M in replacement revenues used as a state match source. These sources of revenue likely will need to be replaced with SGF or an alternate revenue source in FY 18.

FY 18 Replacement Revenues

The FY 17 Medicaid budget contains approximately \$34.5 M in replacement revenues, down from approximately \$189 M (Amnesty revenues and Overcollections Fund revenues) used in the FY 16 Budget. These FY 17 sources of revenue include monies from the Medicaid Trust Fund for the Elderly and the Health Trust Fund revenues. These fund sources are appropriated in Payments to Private Providers Program, and collectively will draw \$56.8 M in federal match for a total of \$91.3 M in Medicaid claims payments.

DEPT/AGY: Health & Hospitals (DHH)/Medical Vendor Payments (MVP)
ISSUE: Medicaid Overview

HB 1 provides an additional \$552.7 M in SGF (\$2.2 B total increase in funding) for Medicaid in FY 17. Total Medicaid funding for FY 17 represents a 27.6% increase from the FY 16 Existing Operating Budget (29.5% increase in SGF). In addition, HB 1 reflects approximately \$160 M in SGF savings associated with the implementation of Medicaid expansion for certain individuals up to 138% of the Federal Poverty Level (FPL). Projected SGF savings are largely based on a \$249 M reduction in Disproportionate Share Hospital (DSH) payments related to uncompensated care costs.

Senate Finance Committee (SFC) amendments provided significant changes to various House amendments. Specifically, SFC eliminated \$24.8 M in additional funding for rural hospitals added with House Floor (HF) amendments, and eliminated a HF amendment that authorized the DHH to implement co payment requirements (to the extent authorized under federal law) for individuals receiving certain Medicaid services. In addition, SFC amendments moved \$161 M total funding (\$60.8 M SGF) in supplementary budget recommendations to the body of the HB 1. Information provided by the DHH indicates the \$161 M in funding moved from the supplementary section of the HB 1 will allow for full funding of all existing waiver slots, and prevent significant cuts to Pediatric Day Healthcare Services. Although these items were not itemized as a cut in the Executive Budget, DHH itemized these services as areas of reduction based on the level of funding provided for at Reengrossed (after House action).

In addition, SFC amendments eliminated the line item appropriation for the public private partner hospitals, and reduced the level of supplemental payments and DSH payments by approximately \$98.5 M (\$60.4 M SGF). Additionally, SGR used as a state match source increased by \$18.6 M for the hospital partnership in Houma. See Public Private Partnership explanation below.

The Medicaid budget contains certain significant increases/enhancements in FY 17, including funding projected growth in Bayou Health, funding for an FY 16 Bayou Health payment obligation pushed into FY 17 (1 additional Bayou Health checkwrite added in FY 17), MCO payments for Medicaid expansion for individuals to 138% of the FPL, annualized costs of certain home and community based waivers, increases in projected pharmacy costs and provider rate increases, and funding the backfill of revenues reduced in FY 16 as part of the FY 16 mid-year deficit elimination plan. Significant FY 17 SGF increases are reflected below:

- \$195.3 M - Bayou Health managed care capitation rate payments
- \$167.0 M - Swap non-recurring one-time revenues for SGF
- \$109.2 M - FY 16 pushed checkwrite (June 2016) into FY 17 *
- \$24.3 M - Fee for Service increases (including Pharmacy, PACE, and LT-PCS)
- \$21.3 M - Rate increases (FQHC's, RHC's, Hospice, Buy-in, Rural H's, Nursing F's)

* The \$109.2 M enhancement reflected above does not include \$17 M in SGF required state match to make the projected 13th managed care payment as a result of this amount only being available for expenditure when the Department of Revenue prevails in any suit appeal, or petition associated with an amount paid under protest and held in escrow in accordance with R.S. 47:1576 and transfers such monies to the SGF to be utilized to fund the 13th managed care payment. The total SGF need is \$126.2 M to draw down \$208.2 M in federal funding for \$334.4 M in total payments.

Public Private Partnerships (PPP) Funding

HB 1 provides total funding of \$983.3 M for Public Private Partnerships in FY 17. This represents a \$221 M reduction (18%) compared to the FY 16 Existing Operating Budget (EOB) as of 12/01/2015. Information provided by DHH indicates an original expenditure projection of

FY 17 Major Budget Issues

approximately \$1.3 B. This original expenditure projection is assumed to change as DHH assumes and will apply a 25% (\$249,541,305) reduction in DSH payments to partner hospitals due to anticipated decreases in uncompensated care costs as a result of Medicaid expansion in FY 17 (not including Lallie Kemp). However, the Commissioner of Administration has stated that the DOA, LSU, and partner hospitals are under negotiations to refinance the partnership agreements, and to further review the 25% DSH reduction estimates.

HB 1 does not directly appropriate funding in the Medicaid program for the individual partner hospitals. Partner hospital reimbursements are paid from the Medicaid Private Providers and Uncompensated Care Costs programs. Therefore, the exact budget by hospital is not known. In addition, the majority of the partnership agreements provide for a finance formula that requires payments to reimburse the hospital providers at 100% of allowable UCC costs.

The Cooperative Endeavor Agreements (CEAs) for each of the partnerships have specific stipulations in regard to termination of these partnerships. For 6 of these partnerships, the CEAs include a clause that allows the private partner to terminate the contract without cause provided they give LA 60 days notice of their intent.

The private partners that have this option include Children Hospital (New Orleans), Biomedical Research Foundation (Shreveport/Monroe), Southwest LA Hospital Association (Lake Charles), Lafayette General Hospital System (Lafayette), Our Lady of Angels (Bogalusa), and Our Lady of the Lake (Baton Rouge). CHRISTUS and Rapides Healthcare System (Alexandria) and Southern Regional Medical Corporation (Houma) CEAs do not have specific language in the CEA that allows the private partner to terminate the contract without cause. However, there are several stipulations that allow either of these 2 partners to terminate the contract provided they give advanced notice. The CEAs for CHRISTUS and Southern Regional have a stipulation that if "inadequate" funding is received by the private partner from the state, the CEA can be terminated after the private partner has given the state 90-180 days notice (see Chart 1 below).

Chart 1

| Overview of Private Public Partnerships Options to Terminate Without Cause | | | |
|---|--|--|--|
| Private Partner | LSU Hospital | Termination Without Cause Option | # Days Needed to Exit CEA without Cause |
| LA Children's Medical Center and University Medical Center Management Corporation (UMCMC) | Medical Center in New Orleans | Yes | 60 Days |
| Biomedical Research Foundation of Northwest LA and BRF hospital Holdings, L.L.C. | HSC Shreveport and EA Conway Medical Center | Yes | 60 Days |
| Southwest LA Hospital Association (SLHA) dba Lake Charles Memorial Hospital (LCMH) | W.O. Moss Regional Medical Center | Yes | 60 Days |
| Lafayette General Hospital System and University Hospital and Clinics | University Medical Center (UMC) | Yes | 60 Days |
| Our Lady of Angels and Franciscan Missionaries of Our Lady Health System ("FMOLHS") | Washington St. Tammany Medical Center ("Bogalusa") | Yes | 60 Days |
| Our Lady of the Lake (OLOL) | Earl K. Long (Baton Rouge) | Clinical Services – Yes; CEA can terminate from inadequate funding | Clinical Services (w/ out cause) - 90 days CEA from inadequate funding - 180 days |
| CHRISTUS Health Central LA and Rapides Healthcare System | Huey P. Long | No, but can terminate from inadequate funding from the state | No without cause option, but 180 days for inadequate funding |
| Southern Regional Medical Corporation and Hospital Service District #1 of Terrebonne Parish | Leonard J Chabert Medical Center | No, but can terminate from inadequate funding from the state | No without cause option, but 90 days for inadequate funding (after 3 years, 60 days) |

These CEAs stipulate the payment methodology and specific amounts that are required based on the agreed upon Medicaid/Medicare Cost Report and the cost analysis worksheet that the partner submits to the state. Based on conversations with entities involved with these CEAs, the Legislative Fiscal Office has been informed that since these private partners are expecting to be reimbursed for all costs associated with their service (as required by the CEA), any funding below this level could be interpreted as "inadequate."

FY 17 Major Budget Issues

In the event a private partner seeks to terminate the contract, the CEA dictates both parties are involved in a “wind-down” period where both parties begin the transition of operations while ensuring services will be provided to the public. If negotiations between LSU and private partners are not successful, LSU and the state will have 60-180 days to 1) contract operations to an outside private entity to assume operations with the State providing operating capital for operations, 2) hire new public employees and assume operations within the 60 days with the State providing operating capital for operations, and 3) LSU would seek approval from the Legislature to close facility. The CEA between BRF and LSU requires a committee of 6 (LSU, BRF, & DOA: 2 members each) to oversee the transition and requires LSU to name successor corporation and members of the Board.

Private Partner Lease Payments

The state receives lease payments from the private partners to use state hospital facilities. This includes Children’s Hospital, Our Lady of the Lake, Biomedical Research Foundation, University Hospitals and Clinics, Southwest LA Hospital Association, and Our Lady of Angels. In the event a partnership is terminated, the lease payments from the partner would cease and as a result the state funding would be lowered. The adopted Revenue Estimating Conference forecast includes \$190 M of lease payments for the current year and \$160 M for FY 17 (Table 2 below).

Based on testimony provided by the private partners, the state would be expected to reimburse these partners for any prepaid rental payments (advanced lease payments), equipment acquisitions made by the private partner, and/or any capital expenditures made by the private partners. University Medical Center CEO, Greg Feirn, has stated in committee that there is nearly \$385 M worth of prepaid rental and capital improvements made by Children’s Hospital at the new UMC Hospital that the state would be obligated to reimburse to Children’s Hospital.

Table 2
Overview of Lease Payments Deposited into the State Treasury

| | 2012-13 Actual | 2013-14 Actual | 2014-15 Actual | 2015-16 Appropriated |
|--------------------------------|-------------------|-------------------|-------------------|-------------------------|
| Total Lease Payments Received* | \$283,379,817 | \$132,852,741 | \$135,560,763 | \$190 M** |

* Source: Treasurer's reports

** Revenue Estimating Conference Adopted Forecast

DEPT/AGY: Health & Hospitals (DHH)/Aging & Adult Services (OAAS)
ISSUE: Community-Based Waivers & Other Community Services

The Community Choices Waiver (replaced the Elderly & Disabled Adult - EDA Waiver) allows for services to be provided in a home or community-based setting for a qualifying person who would otherwise require care in a nursing facility. In addition to personal care services, the waiver provides a variety of other services that assist people to remain in their homes and communities. Due to the increased demand for these services, there is a Request for Services Registry (waiting list).

| | |
|---------------------------------|---|
| FY 17 Funded Slots: | 5,303 (200 slots for Pitts vs. Greenstein settlement) |
| FY 16 Funded Slots: | 5,303 |
| Slots Filled as of 12/31/2015: | 4,463 |
| Slots Funded but not Filled: | 840 |
| Registry and/or Waiting List: * | 33,278 |
| Average Cost/Capped Cost: | \$26,533 (\$41,799 cap) |
| FY 16 EOB Expenditures: | \$109,608,993 |
| FY 17 Budget: | \$118,505,013 |
| Population Served: | Ages 21 +, Medicaid eligibility, and meet nursing facility level of care criteria |

The Adult Day Health Care (ADHC) Waiver provides certain services for 5 or more hours per day in a licensed and Medicaid enrolled ADHC facility. Services offered include assistance with activities of daily living, health and nutrition counseling, social services, and exercise programs. There is an ADHC Request for Services Registry that lists the people who requested these services along with the request date.

| | |
|---------------------------------|---|
| FY 17 Funded Slots: | 825 |
| FY 16 Funded Slots: | 825 |
| Slots Filled as of 12/31/2015: | 661 |
| Slots Funded but not Filled: | 164 |
| Registry and/or Waiting List: * | 3,989 |
| Average Cost/Capped Cost: | \$24,438 (\$42,223 cap) |
| FY 16 EOB Expenditures: | \$10,589,073 |
| FY 17 Budget: | \$12,091,881 |
| Population Served: | Ages 22 +, Medicaid eligibility, and meet nursing facility level of care criteria |

FY 17 Major Budget Issues

The Long Term Personal Care Services (LT-PCS) Program** provides help with activities of daily living for people who qualify for assistance under the program guidelines. The program also provides personal care workers to help people in their homes. Care provided includes help with bathing, toileting and grooming activities; eating and food preparation; performance of incidental household chores; assistance getting to medical appointments; and grocery shopping.

| | |
|---------------------------------------|---|
| <i>Slots Filled as of 12/31/2015:</i> | 11,408 |
| <i>Average Cost/Capped Cost:</i> | \$13,968 (\$19,035 cap) |
| <i>FY 16 EOB Expenditures:</i> | \$193,237,593 |
| <i>FY 17 Budget:</i> | \$199,236,894 |
| <i>Population Served:</i> | <i>Ages 21 + who receive Medicaid benefits, nursing facility level of care and imminent risk criteria of nursing home admission</i> |

Program for All Inclusive Care for the Elderly (PACE) Program** coordinates and provides all needed preventive, primary, acute and long-term care services so that older people can continue living in the community. The emphasis is on enabling senior citizens to remain in their communities while enhancing their quality of life.

| | |
|---------------------------------------|---|
| <i>Slots Filled as of 12/31/2015:</i> | 365 |
| <i>Average Cost/Capped Cost:</i> | \$33,079 (\$54,288 cap) |
| <i>FY 16 EOB Expenditures:</i> | \$13,039,775 |
| <i>FY 17 Budget:</i> | \$17,543,456 |
| <i>Population Served:</i> | <i>Ages 55 +, live in PACE provider service area, nursing facility level of care, and meet Medicaid financial eligibility</i> |

The State Personal Assistance Services (SPAS) Program** provides personal assistance services to people with significant disabilities to assist them with activities of daily living. The primary service provided with SPAS funding is Personal Assistance Services. *The Office of Aging & Adult Services has contracted with the ARC of Louisiana to administer both the Community & Family Support program and the State Personal Assistance Services Program for a total of \$633,229.*

| | |
|--|--|
| <i>Slots Filled as of 12/31/2015:</i> | 49 |
| <i>Registry and/or Waiting List: *</i> | 111 |
| <i>Average Cost/Capped Cost:</i> | \$17,152 |
| <i>FY 16 EOB Expenditures:</i> | \$840,452 |
| <i>FY 17 Budget:</i> | \$840,452 |
| <i>Population Served:</i> | <i>Ages 18 - 60, a significant disability, capable of hiring, firing, and supervising the persons who provide personal assistance services</i> |

The LA's Traumatic Head & Spinal Cord Injury (TH/SCI) Trust Fund Program** provides services in a flexible, individualized manner to LA citizens with traumatic head or spinal cord injuries. The program enables individuals to return to a reasonable level of functioning and independent living in their communities. Services are provided on a first-come, first-served basis. Expenditures shall not exceed \$15,000 for any 12-month period or \$50,000 in total lifetime expenditures per individual.

| | |
|--|---|
| <i>Slots Filled as of 12/31/2015:</i> | 702 |
| <i>Registry and/or Waiting List: *</i> | 275 |
| <i>Average Cost/Capped Cost:</i> | \$8,500 (\$15,000 cap) |
| <i>FY 16 EOB Expenditures:</i> | \$2,895,812 |
| <i>FY 17 Budget:</i> | \$2,895,812 |
| <i>Population Served:</i> | <i>An individual must meet the definition of traumatic head injury or spinal cord injury.</i> |

*Registry and /or Waiting List as of 12/31/2015

**Programs without designated slots, the reported data represent the number of participants.

DEPT/AGY: Health & Hospitals (DHH)/ Citizens with Developmental Disabilities ISSUE: Community-Based Waivers for the Developmentally Disabled

The New Opportunities Waiver (NOW) is offered on a first-come, first-served basis. There is a Developmental Disability Request for Services Registry (RFSR) that lists individuals who meet the LA definition for developmental disability and their request date.

| | |
|--|---|
| <i>FY 17 Funded Slots:</i> | 9,032 |
| <i>FY 16 Funded Slots:</i> | 9,032 |
| <i>Slots Filled as of 12/31/2015:</i> | 8,676 |
| <i>Slots Funded but not Filled as of 12/31/2015:</i> | 156 |
| <i>Registry and/or Waiting List: *</i> | 13,605 |
| <i>Average Cost/Capped Cost (Actual):</i> | \$52,320 |
| <i>Expenditures Forecast (12/31/2015):</i> | \$449,163,213 |
| <i>Population Served:</i> | <i>Ages 3 + who have a developmental disability that manifested prior to age 22</i> |

The Children's Choice Waiver offers supplemental support to children with developmental disabilities who currently live at home with their families, or who will leave an institution to return home. Children's Choice is an option offered to children on the Request for Services Registry (RFSR) for the New Opportunities Waiver (NOW) as funding permits. Families choose to either apply for Children's Choice, or remain on the RFSR for the NOW.

FY 17 Major Budget Issues

| | |
|--|--|
| <i>FY 17 Funded Slots:</i> | 1,475 |
| <i>FY 16 Funded Slots:</i> | 1,475 |
| <i>Slots Filled as of 12/31/2015:</i> | 1,212 |
| <i>Slots Funded but not Filled as of 12/31/2015:</i> | 237 |
| <i>Registry and/or Waiting List:*</i> | 7,346 |
| <i>Average Cost/Capped Cost (Actual):</i> | \$10,389 (\$16,410 waiver cap only) |
| <i>Expenditures Forecast (12/31/2015):</i> | \$12,501,666 |
| <i>Population Served:</i> | Ages Birth - 18 who meet the federal definition for a developmental disability |

*Also subset of individuals under 19 from the NOW waiver and the number is included in the NOW registry.

The Support Services Waiver has reserved capacity for individuals who were receiving state general funded vocational and rehabilitation services as of 3/31/2006 or who were listed as waiting for those services prior to 5/31/2006. The Supports Waiver is intended to provide specific, activity focused services rather than continuous custodial care.

| | |
|--|--------------|
| <i>FY 17 Funded Slots:</i> | 2,050 |
| <i>FY 16 Funded Slots:</i> | 2,050 |
| <i>Slots Filled as of 12/31/2015:</i> | 1,683 |
| <i>Slots Funded but not Filled as of 12/31/2015:</i> | 367 |
| <i>Registry and/or Waiting List:*</i> | 1,363 |
| <i>Average Cost/Capped Cost (Actual):</i> | \$7,752 |
| <i>Expenditures Forecast (12/31/2015):</i> | \$12,560,155 |
| <i>Population Served:</i> | Ages 18 + |

The Residential Options Waiver (ROW) offers services designed to support individuals to move from ICFs/DD and nursing facilities to community-based settings, and to serve as an alternative to being institutionalized. ROW was approved by CMS on 10/1/2009.

| | |
|--|---|
| <i>FY 17 Funded Slots:</i> | 210 |
| <i>FY 16 Funded Slots:</i> | 210 |
| <i>Slots Filled as of 12/31/2015:</i> | 28 |
| <i>Slots Funded but not Filled as of 12/31/2015:</i> | 182 |
| <i>Registry and/or Waiting List:*</i> | 0 |
| <i>Average Cost/Capped Cost (Actual):</i> | \$26,983 |
| <i>Expenditures Forecast (12/31/2015):</i> | \$1,222,809 |
| <i>Population Served:</i> | Ages Birth to end of life who have a developmental disability which manifested prior to the age of 22 |

*Registry and /or Waiting List as of 12/31/2015

DEPT/AGY: Higher Education

ISSUE: Higher Education Funding Overview

The EOB as of 12/1/2015 (without OSFA) totals \$2.28 B (including \$418.9 M SGF and \$350 M SAVE). HB 1 with SFC amendments recommends a total budget of \$2.23 B, reflecting a net reduction of \$48 M; a \$93.7 M reduction in SGF, a \$15.5 M decrease in IAT and Statutory Dedications, and a \$61.2 M increase in SGR from fees associated with Act 377 of 2015.

Table 3

| Higher Education - State General Fund Equivalent Summary by Institution and System (FY 16 Existing Budget to HB 1 Reengrossed with Senate Finance Committee Amendments) based on potential Formula Funding by Regents | | | |
|--|--|---|--|
| Institution/System | FY 16 Existing Operating Budget (EOB) | HB 1 Reengrossed w/ SFC Amendments | % Change FY16 EOB to HB 1 Reengrossed w/ SFC Amendments |
| LSU System Total | \$371,709,494 | \$318,395,775 | -14% |
| SU System Total | \$44,474,795 | \$36,585,441 | -18% |
| UL System Total | \$217,495,183 | \$196,018,587 | -10% |
| LCTCS System Total | \$115,508,742 | \$106,833,790 | -8% |
| LOSFA | | | |
| Administration | \$3,261,171 | \$3,013,161 | -8% |
| Scholarships* | \$29,842,486 | \$29,582,900 | -1% |
| TOPS | \$200,091,126 | \$81,229,202 | -59% |
| LOSFA Total | \$233,194,783 | \$113,825,263 | -51% |
| Board of Regents | \$15,213,434 | \$13,001,521 | -15% |
| LUMCON | 2,283,493 | \$2,109,835 | -8% |
| Statewide Total | \$999,879,924 | \$786,770,212 | -21% |

*Maintains static funding of \$26.4 M for GO Grants as mentioned in the Executive Budget.

FY 17 Major Budget Issues

The first column in Table 3 on Page 58 shows the FY 16 SGF equivalent (SGF + Higher Education Initiatives Fund) budget by budget unit and system. The second column entitled "HB 1 Reengrossed" shows the \$786.8 M SGF allocation to higher education including \$81.2 M for TOPS. However, the amounts that the LSU System, Southern System, University of LA System, and LA Community & Technical College System will receive are unknown at this time. Based on the pro-rata distribution of SGF available, a total of \$657.3 M (including the \$9 M for Ag Centers and Pennington) will be utilized to fund the systems. The distribution of SGF is as follows: Board of Regents (BOR) - \$13 M; LA Universities Marine Consortium - \$2.1 M, Office of Student Financial Assistance (admin) - \$32.6 M, TOPS - \$81.2 M and the 4 management boards - \$657.3 M. The final amounts appropriated to the management boards will be determined when the Board of Regents distributes funds based on the formula funding process.

HB 1 does not allocate specific amounts of SGF to individual institutions. Instead, the bill assigns all SGF to the BOR for allocation by the Board after passage of the appropriations bill. The table assumes the SGF requirements related to the GO Grant Scholarship Program within the LOSFA will be fully funded at \$26.4 M. The table serves to illustrate the potential impacts of the SGF reductions or enhancements to systems. The allocation by institution will be determined by the BOR once the board receives the appropriated amount for FY 17 and determines the allocation based on the funding formula.

Act 462 of 2014 required the BOR to develop an outcomes based funding formula for implementation beginning in FY 17. The proposed formula allocates SGF for each institution/system based on a 70% pro-rata share (base funding), 15% cost calculation share and a 15% outcomes share. The pro-rata calculation is based on the 7/1/2015 appropriation levels and provides safeguards to prevent sudden, dramatic changes in the funding level of any postsecondary institution as required in Act 462. The cost calculation is based on weighted factors including SREB peer group salary data, course offerings, enrollment of Pell grant students, research, degree level, space utilization, and support services. The outcomes metrics are based on completer degree levels, transfers, completers in high demand fields (4 & 5 star jobs), time-to-award, and completion of students receiving the Pell grant.

SFC amendments removed \$6.1 M in equity formula funding for LCTCS, \$300,000 for Baton Rouge Community College. SFC amendments kept \$4 M for Pennington Biomedical Research Center, \$4 M for the LSU Ag Center, \$1 M for the Southern Ag Center to be adopted into the formula. SFC amendments deleted the \$500,000 in SGF for a tier 1 university transportation center grant for LSU A&M to study transportation infrastructure in hot climates including extreme weather conditions in the event the institution is awarded the grant.

Table 3 is intended to GENERALLY illustrate the potential SGF allocation by budget units and systems in the proposed budget.

Taylor Opportunity Program for Students (TOPS)

The FY 16 funding totals for TOPS is \$265.2 M (\$200.1 M SGF and \$65.1 M Statutory Dedication). HB 1 has a budget amount for TOPS of \$141.4 M (\$81.2 M SGF and \$60.2 Statutory Dedication). FY 17 projected need for TOPS is \$297.1 M. The Executive Budget proposal only included \$60.2 M from the TOPS Fund. HAC amendments restored \$236.8 M in SGF to fully fund the Taylor Opportunity Program for Students (TOPS). House Floor amendment reduced SGF by \$71,930,619. SFC amendments further reduced TOPS by \$83,659,300. As a result of this reduction, TOPS is funded at approximately 48% of the total program cost.

SB 470 Enrolled is currently awaiting the signature of the governor. The bill would change the mechanism for the distribution of awards in the event insufficient funds are available. The bill requires that all students that receive an award are allocated an equitably reduced award amount. The projected average award amount for FY 17 is \$5,718 for 51,194 students. Based on the current TOPS funding level of \$141.5 M, the average award amount would be \$2,733 (48% of fully funded award amount), a decrease of \$2,986 per student per award.

DEPT/AGY: Higher Education/ LSU System
ISSUE: LSU Health Sciences Center – Shreveport (HSC-S) Structural Funding Issue

For FY 17 the continued financial viability of the medical school is uncertain. Historically, LSU HSC-S has struggled with a structural operating deficit. The FY 16 Mid-Year Deficit Reduction Plan 2 did not contain a SGF reduction to the medical school, but did contain a \$4.1 M reduction to the partner, the Biomedical Research Foundation of Northwest LA (BRF). Additionally, HB 1 further reduces state support and includes other adjustments that impact the school's revenue generating capacity.

FY 17 Major Budget Issues

Fiscal Year 2016

The FY 16 total budget for LSU HSC-S is \$117.4 M. The medical school did not receive a direct mid-year reduction. However, the medical school still has a projected \$3.1 M operating shortfall. In addition to state support for operations, the medical school receives self-generated revenue (SGR) from the Biomedical Research Foundation of Northwest LA (BRF) for providing services to the hospital. On average, the medical school receives \$6.7 M per month from BRF. The services provided include physicians' services, resident support, police, allied health services and shared services. BRF receives payments from the Department of Health & Hospitals (DHH) for the operation of the hospital and then sends payment to LSU HSC-S for the services provided. As a result of this operating arrangement and payment structure, the medical school will receive a reduction in provider payments of \$4.1 M. The mid-year provider payment reduction further reduces the available fund balance (\$48.6 M). To the extent the operating deficit of \$3.1 M for FY 16 is static, LSU HSC-S would end FY 16 with \$41.4 M available in restricted fund balance (\$48.6 M current balance - \$3.1 M operating deficit - \$4.1 M mid-year reduction).

Fiscal Year 2017

State support for LSU HSC-S is projected to decrease by \$36.8 M or 42% in FY 17. This reduction includes non-recurring payments of \$32.7 M for operating expenses (\$31 M) and reduced legacy costs (\$1.7 M) and a pro-rata SGF cut of \$4.1 M based on the \$94.8 M SGF equivalent reduction to all Higher Education (excluding TOPS). Legacy costs are projected to be \$18 M in FY 17 and based on the pro-rata SGF reduction of \$4.1 M, would be 77% funded. Furthermore, even if the medical school begins FY 17 with the restricted fund balance of \$41.4 M (after the operating shortfall & FY 16 mid-year partnership reductions) it will likely exhaust this balance within the first quarter of the new fiscal year.

HB 1 funding related to the public/private partnerships within the DHH is not appropriated by hospital, so the exact funding level to the LSU HSC-S partner hospitals is unknown at this time. It is possible the medical school would have to reduce physicians and medical residents to the extent the partnerships are not fully funded.

In February 2016, the potential cuts based on the worst case scenario regarding FY 16 and FY 17 budgets anticipated a reduction of faculty physicians by 161 from 304 to 143 (53%) and medical residents by 352 from 550 to 198 (64%). The medical school would maintain operation of the 6 core departments required for accreditation (Psychiatry, Surgery, Pediatric, Obstetrics & Gynecology, Family Medicine and Internal Medicine). The faculty and resident layoffs would come from specialty departments such as neurology, radiology, and anesthesiology among others.

The impact to the instruction of medical students and supervision of residents would ultimately depend on the number of faculty that leave, allocation of the partner reductions to the school and the available fund balance at the end of FY 16. As a result the faculty, resident and program reductions mentioned above may take place sometime in FY 17. The exact impact is indeterminable at this time since the FY 17 reductions will depend on budget adjustments to HB 1 as it moves through the legislative process.

Accreditation

The Southern Association of Colleges & Schools Commission on Colleges (SACSCOC) is the regional body for the accreditation of degree-granting higher education institutions in the Southern states and reaffirms a school's accreditation every 10 years. LSU HSC-S was affirmed in December 2014, however SACSCOC raised concerns that the school could not meet the financial stability requirements. The structural operating deficit and declining fund balance have serious implications for the accreditation of the medical school and SACSCOC began monitoring the school in 2015. In FY 16 LSU HSC-S received \$51 M in additional state resources for legacy costs (\$20 M) and operating expenses (\$31 M). This state support seemed to provide assurances and in December 2015, SACSCOC took no action on the medical school. However, the school could be monitored again after SACS meets in December 2016 depending on the funding situation.

LSU estimates that reserves of approximately \$50 to \$55 M are required in order to meet SACSCOC guidelines which the school currently does not have. As part of accreditation standards, the institution is required to finish teaching all students in the program. There are currently 471 medical students with an average of 118 students in each year of medical school. The reductions to the institution and partner in FY 17 affect the school's ability to provide instruction and may impact SACSCOC accreditation.

FY 17 Major Budget Issues

DEPT/AGY: Education (DOE)

ISSUE: Elementary & Secondary Education Funding Reduction Impacts

FY 17 recommended funding for the Department of Education (DOE) (not including the MFP) totals \$1,632 M (\$147.9 M SGF, \$290.3 M IAT, \$57.4 M SGR, \$14.8 M Statutory Dedications, and \$1,121 M Federal) for a net reduction of \$68.3 M. The DOE has not identified the allocation of all the reductions. A brief description of the budget unit, the amount of the reduction allocated, as well as potential impacted activities are as follows:

State Activities

(\$2.3 M) provides for state assessments and school accountability as well as support for local school districts and professional development activities. Funding is reduced for 11 positions (2 in Administration and 9 in District Support). Support Services and Field Services will be reduced; contracts not associated with student assessments will be reduced or eliminated and funding for travel and supplies will be reduced. The DOE has not identified how these reductions will be allocated.

Subgrantee Assistance

(\$9.4 M) provides flow through funds to local educational agencies and schools.

The Student Scholarships for Educational Excellence Program (SSEEP) will be reduced \$5.9 M- The SSEEP (voucher program) allows selected students to attend participating non public schools with tuition expenses paid by the state. Tuition is reimbursed at a rate that shall not exceed the combined state and local per pupil amount of the district in which the student resides.

FY 16 funding is \$42 M. There were 7,110 students enrolled in the first quarter as of 9/21/2015 for an annualized cost of \$41.7 M. Reductions to this program would result in students returning to public schools which would subsequently increase the MFP costs but at a lower per pupil amount. As a result there would likely be a savings to the state since DOE is paying higher tuition costs for a significant portion of the voucher students. Based on actual 1st quarter expenditures it is estimated that the state will pay \$8.3 M more to the voucher schools than it would have paid through the MFP in the current year. For further discussion of the program costs, see "Cost Analysis for SSEEP" issue write-up.

The DOE has indicated it will reduce the tuition amount paid in order to retain the existing number of slots available. However, given the annual attrition rate of 20% (the number of students who leave the program each year) combined with the fact that 32 (26%) of the participating schools will not be accepting new students in the 2016-2017 school year, it is very possible that the number of participants in the program will remain sufficiently low enough to maintain the seats for remaining students at the current tuition rate. That information will not be available until the DOE has completed the application and enrollment process. Families received initial award letters at the beginning of April and have until the end of May to register with a second application and enrollment round ending at the end of June with registration by mid July.

The Cecil J. Picard LA 4 Early Childhood Program is the primary preschool program in the state, serving approximately 16,300 children. It provides up to 10 hours of early childhood education and before and after activities daily to 4 year olds from disadvantaged families. The Nonpublic Schools Early Childhood Development Program (NCSED) provides low-income families the opportunity to attend state-approved private preschools and childcare centers and serves approximately 1,500 preschool children annually. Current funding is \$4,580 per child.

For FY 16, the LA 4 Program is funded at \$76.9 M (\$9.4 M SGF and \$67.5 M IAT) and the NCSED is funded at \$7.4 M (SGF) for total LA 4 Program funding of \$84.3 M. The original source of the IAT is TANF funds from the Department of Children & Family Services (DCFS). FY 17 funding includes a MOF swap replacing TANF funds with \$27.4 in SGF. Total funding remains at a standstill level, however the ratio of SGF has increased from 12% to 48% and TANF funding has been reduced from 88% to 52%.

Special School District

(\$1.4 M) provides special education and related services to approximately 500 children with exceptionalities enrolled in state operated programs (Office of Children with Developmental Disabilities, Office of Behavioral Health, Dept. of Corrections, and the Office of Juvenile Justice).

Reduces funding for 22 positions (14 filled and 8 vacant). The positions include 12 educator, paraeducator, and instructional coach positions as well as 2 administrative positions; also reduces funding for travel. The reduction will result in the elimination of services to private pay facilities; instead, local school districts will be required to provide these services.

FY 17 Major Budget Issues

Special Schools & Commissions

FY 17 recommended funding for Board of Elementary & Secondary Education (BESE) and the special schools is recommended at \$91.3 M which represents a net reduction of \$423 K. The most significant SGF impacts to the special schools and the 1,400 students they serve are listed on the next page.

LA School for the Deaf & Visually Impaired (\$558 K) provides educational services to approximately 488 students in residential and outreach programs. The reduction eliminates funding for 6 vacant positions, out of state travel and operating services.

LA School for the Math Science & the Arts (\$265 K) provides educational services to approximately 300 high achieving students in residential and online programs. The reduction eliminates funding for 5 positions.

New Orleans Center for the Creative Arts (\$293 K) provides specialized arts training to 625 students through a combination of MFP funds and direct state support. The reduction is associated with contracts and operating services.

DEPT/AGY: Education

ISSUE: Minimum Foundation Program (MFP)

The Minimum Foundation Program (MFP) provides for an equitable distribution of state funds to local school districts. The MFP is the major source of state funding to local schools. For FY 16, the MFP is funded at \$3.678 B; \$3.391 B in SGF and \$287.16 M in Statutory Dedications from the Support Education in LA First Fund (\$109.7 M) and Lottery Proceeds Fund (\$177.4 M). The FY 17 Executive Budget includes an adjustment of \$14.8 M for an anticipated increase of 2,298 students. Additionally, there is a \$3.7 M MOF swap replacing SGF with Lottery Proceeds funds (\$3.7 M) and SELF funds (\$0.05 M) based on the most recent Revenue Estimating Conference (REC) forecast. FY 17 recommended funding totals \$3.64 B; \$3.35 B SGF, \$181.1 M Lottery Proceeds Fund and \$109.7 M SELF Fund.

The FY 16 MFP included \$44.2 M, which was funded in a supplemental appropriation outside of the formula: a 1.375% inflation adjustment (\$36.2 M); an increase for the Supplemental Course Allocation (\$2.6 M); and an increase for the High Cost Services Allocation (\$5.4 M). HR 231 of 2015 urged and requested BESE to incorporate the supplemental funding into the FY 17 resolution. As such, the proposed MFP for FY 17 approved by BESE on March 4 incorporated this adjustment into the formula. This represented standstill funding for the MFP. However, in light of the state's fiscal status the MFP resolution (SCR 44) was rejected by the Senate Education Committee. Pursuant to the Constitution, the MFP will be funded in accordance with the last approved resolution (SCR 55 of 2014); accordingly, the proposed budget eliminates this supplemental MFP funding of \$44.2 M.

Level 1: Maintains the weights for Career and Technical Education units (6%), Special Education/Other Exceptionalities (150%) and Special Education/Gifted and Talented (60%), and Low Income/English Learner (22%). Maintains the calculation of local share necessary to maintain a state and local allocation ratio of 65% to 35%.

Level 2: Maintains the provisions of incentives for local effort.

Level 3: Continues the pay raises for certificated and support personnel initiated in 2001-2002 and 2006-2007 through 2008-2009; the 10-year phase out of the hold harmless funding; and a \$100 per pupil funding amount for increasing mandated costs of health insurance, retirement and fuel.

Level 4: Supplementary Allocations: These new funding initiatives were added in the FY 15 MFP. FY 17 proposed allocations are.

- 1) *Career Development Allocation* (\$6.3 M) to support the development of technical courses required for statewide credentials in city and parish school systems and other public schools in the amount of 6% of the base per pupil cost for each qualifying student course enrollment; a minimum amount of \$25,000 will be provided for each city and parish school system and a minimum of \$10,000 will be provided for other public schools with students enrolled in grades 9 through 12.
- 2) *High Cost Services Allocation* (\$4 M) currently provides additional funds to public school systems and schools which substantiate that the prior year cost of services for students with disabilities exceeds three times the most recent state average total expenditure per pupil amount; allocation amounts are limited by the amount budgeted for this initiative and are to be distributed equitably to school systems and other public schools proportional to the total of qualifying applications submitted.

FY 17 Major Budget Issues

- 3) Supplemental Course Allocation (\$7.8 M) to provide for the cost of secondary course choices specifically approved by BESE. For each school system and other public schools funded through the formula, the allocation shall equal \$35 for each student enrolled in grades 7-12 as of February 1st. Provides for the redistribution of uncommitted funds as of a date set by DOE.

Also Level 4 includes the Foreign Language Associate Program Salary & Stipends Allocation. The supplemental allocation is \$21,000 per teacher. Of this, \$20,000 shall be allocated to the school where the teacher is employed for support of the total cost of the teacher salary and \$1,000 to be used for the costs of the VISA sponsorship incurred by CODOFIL, pursuant to BESE regulations. The cap of 300 teachers is retained.

Allocations for Other Public Schools: Continues funding methodology for the LSU and Southern University Lab Schools, Type 2 Charter Schools, Office of Juvenile Justice Schools, the Recovery School District, NOCCA and LSMSA.

Pay Raise Requirements: The FY 15 MFP revised language requiring schools to use at least 50% of any increased funding to supplement and enhance full time certificated staff salaries and retirement benefits for schools with an average teacher salary below the SREB average. New language required school systems to sustain 2013-2014 pay raises if there is a net increase in the Levels 1 and 2 cost allocation. If the school system had established plans to sustain or increase the pay raises prior to the development of this formula, the provision does not apply.

DEPT/AGY: LSU Health Care Services Division
ISSUE: Legacy Costs

The HCSD's legacy appropriation is \$2.3 M below the projected level of legacy expense liability. See illustration below.

| | |
|--------------------------------|----------------------|
| Legacy Cost Expenditures | \$23,159,697 |
| Legacy Appropriation after HAC | \$20,843,412 |
| Legacy Cost Shortfall | (\$2,316,285) |

However, these legacy costs are mandatory expenditures that will require HCSD to find available funds from other sources. HCSD has stated it will use the revenues generated from their contract with the private partners for administrative services and by reducing support services, using one-time funding, and attrition.

Note: Prior to these private partnerships, these legacy expenditures were allowable expenses on the cost report to receive federal match funding. CMS has since ruled these expenses are unallowable since these hospitals are no longer associated with the system.
